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A SHORT INQUIRY
INTO THE
PROFITABLE NATURE OF
OUR INVESTMENTS.

SECOND EDITION.



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A SHORT INQUIRY
INTO THE
PROFITABLE NATURE OF
OUR INVESTMENTS.

WITH A RECORD OF MORE THAN FIVE HUNDRED OF OUR MOST
IMPORTANT PUBLIC SECURITIES DURING THE
TEN YEARS 1870 TO 1880.

[Partly Reprinted from "The Economist."]

SECOND EDITION.



BY
ROBERT LUCAS NASH,
COMPILER OF "FENN ON THE FUNDS"—EDITIONS X., XI., AND XII.

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PREFACE

TO THE

SECOND EDITION.

I AM fully aware that it has been the encouragement this Inquiry has received from the public press which has obtained for it so many readers, and has brought my first edition thus early to an end. I take this opportunity, therefore, of thanking my many reviewers, and have appended to the work some extracts from their kindly criticisms. Still, though I cannot but take pride in the commendations thus prominently bestowed, I think that it would be adverse to the nature of this treatise if it came to be regarded in any way as an exposition of personal opinions. The whole purpose of the work is to place facts, hitherto imperfectly realised, before the public; and if I have ventured anywhere to express opinions as to securities, or rather classes of securities, those observations have only been such as the figures before me have appeared irresistibly to lead up to and confirm.

R. L. N.

January 1, 1881.

A SHORT INQUIRY

INTO THE

PROFITABLE NATURE OF OUR

INVESTMENTS.

WHICH are our most profitable Investments?

Shall we be compelled to agree with those who hold to the opinion that the safest investments are, in the long run, the cheapest, and that the virtual absence of risk attaching to Consols should outweigh all other considerations? Or shall we be taught to regard high-class Railway Debentures or Preference Stocks as affording what is in reality an equally safe security, with a little better return? But there are others who believe that the yet higher rate of interest yielded by Colonial Government Debentures, or by well-tried Foreign Government Bonds, more than compensate for the trifling additional risk incurred. And so on, throughout the different grades of securities, different investors are found to fancy each, until at length we arrive at those involving the gravest risks—those which in but a very small minority of instances can really be expected to prove prizes to the speculators who are their shareholders.

Amongst such extreme risks will always be found the names of those securities which are industriously advertised.

Certain it is that the advertisers do for the time convince many that—as an instance in point—the most lucrative holdings at the present day will be Indian gold mines, Canadian unguaranteed railway stocks, new tramways, and the at present least profitable of our home railways, in the same way as in times past a certain class of people were made to believe in finance companies, American mines, asphalt companies, sewage companies, or in patent gas. But one point may, at any rate, be determined with some approach to accuracy—*Which of our investments have up to the present time been the most profitable to English investors?* And while that question is the main object of the task before us, some suggestions may be offered, some reasons given, which may serve careful investors as a guide to the future.

This Inquiry was first suggested to me by a cautiously expressed opinion in Mr. Hyde Clarke's paper on the "Debts of Sovereign and Quasi-Sovereign States," that in spite of the heavy losses incurred by investors in such defaulting loans as those of Turkey, Peru, Honduras, and the like, "it is questionable whether foreign loans can in any way be regarded as having lost the savings of the country." It was but natural that if Mr. Clarke were thus dubious of the ground on which he was standing, others should be yet more so; and (foreign stocks being then in marked disfavour) it was perhaps some desire to test this conclusion, while proving further that colonial debentures had been more profitable to our investors, which induced me to work out the return which had actually been yielded over a long period of years upon every security of these descriptions quoted in the Stock Exchange Official List. An intimate acquaintance with the different departments

of the Stock Markets (for I had written almost daily upon the fluctuations in, and the profits realised by, securities during a period of nearly twenty years) had not prevented my forming what I must now admit were erroneous opinions. My "averages," when I had worked out all these calculations, were a complete surprise to me. Mr. Hyde Clarke might have spoken out far more decisively; for the result proved that, after deducting the losses incurred upon defaulting securities in 1874, 1875, and 1876, not only had Foreign Government Stocks been a profitable holding to our investors taken as a whole, but that they had during the past ten years been more profitable to us than Colonial Government Debentures, in spite, too, of the fact that no colonial securities were, or had been, in default. This statement is not an opinion. So far, as I hope to convince you, I am stating an absolute fact.

Having thus far proved that not only myself but many others (being more biassed by the noisy little defaulting States than by the great paying ones) had entertained prejudices on the question of foreign stocks as investments which it was desirable cautiously to remove; I determined to extend the inquiry to home railways, to colonial and foreign railways, to English, Scotch, Irish, colonial and foreign banks, to insurance companies, and various miscellaneous securities. And here, in brief, are the results attained by this inquiry. The securities actually tabulated are 555 in number, representing a nominal paid-up capital of £4,160,000,000, and a market value of £3,750,000,000*; and I venture to think that the percentages as they stand will be a surprise to many besides myself.

* This does not represent any loss of principal, so many of our most important stocks having originally been issued at a discount.

**PROFITS REALISED BY INVESTORS IN THE UNDERMENTIONED SECURITIES
IN THE TEN YEARS FROM JANUARY, 1870, TO JANUARY, 1880.**

	Profit in Dividends.	Gain on Principal.	Total Profits.
	% per annum.	% per annum.	% per annum.
British Government Three per Cents.....	3·2	0·6	3·8
Bank Stock	4·1	1·4	5·5
India Sterling Four per Cents.	4·0	0·3	4·3
Colonial Government Debentures.....	5·0	0·5	5·5
Foreign Government Stocks	5·9	0·3	6·2
Home Railway Debenture Stocks.....	4·3	1·0	5·3
Do. Preference Stocks	4·7	1·8	6·5
English Railway Ordinary Stocks	5·2	3·8	9·0
Scotch Railway Ordinary Stocks	5·6	6·2	11·8
Irish Railway Ordinary Stocks	6·4	3·9	10·3
Indian Railways	4·8	1·5	6·3
Canadian Railways	1·9	0·2	2·1
American Railroads	5·7	3·6	9·3
Continental Railways	5·1	0·4	5·5
South American Railways	5·3	3·4	8·7
London Banks	7·9	3·9	11·8
Provincial Banks	7·5	2·1	9·6
Scotch Banks	5·2	-3·7	1·5
Irish Banks	6·0	3·1	9·1
Indian Banks	5·1	-2·0	3·1
Colonial Banks	8·4	4·3	12·7
Foreign Banks	7·2	-1·1	6·1
Discount Companies	6·8	-1·0	5·8
Old Fire and Life Insurance Companies.....	7·4	9·4	16·8
Marine Insurance Companies.....	6·7	1·1	7·8
Home Gas Companies	6·7	2·2	8·9
Metropolitan Water Companies	5·1	5·0	10·1
Telegraph Companies	6·6	-1·3	5·3
Principal Steamship Companies	6·1	0·3	6·4
Tramways	5·4	0·8	6·2

It may, perhaps, seem to be a faulty arrangement of details thus to tell the end of my story first; but really no bald outline such as this can serve as a guide to investors. Indeed, the whys and wherefores of this long list of percentages are sufficiently instructive and interesting in themselves, even though an outline of the net results be known already. Some of these securities paid best at the commencement of the decade; others at the end. Others, again, have passed the period at which holders can expect to realise large returns either in the shape of dividends or by a gain on the market value of their principal. There are other undertakings, which, having passed through a long probationary period during which their

dividends have been "nil," are now gradually approaching a profit-yielding condition, and others which have been the sport of temporary ebbs and flows of speculation sufficient to affect the results. Such considerations should be duly weighed by careful investors, who above all things ought to know why they have invested, accepting no man's verdict but their own. Here, for instance, may be a rapidly growing town or a colony the trade of which is showing a great expansion. Then—the banking operations in that town or that colony must doubtless be extending; and the best established banks therein offer special inducements to the investor. Silver may some day show indications of rising in price. Then—silver rentes, rupee paper, or such-like silver investments, will be specially worth holding. A country may emerge from a war with credit impaired, but resources far from exhausted; a railway may be serving a district which you know to be growing rapidly; or a close acquaintance with special branches of trade may aid your judgment. There are always instances occurring wherein a careful inquirer may reasonably convince himself that there is a fair prospect of advancing prosperity. Then let him watch those prospects closely, and trouble himself as little as possible concerning the daily, hourly, fluctuations in the Stock Exchange.

Just a few words more before proceeding to deal with the securities themselves. It will be gathered from the facts and statistics supplied that this Inquiry really forms a sort of history of investments during the past ten years. The reasons why a limit of ten years has been selected for the Inquiry are briefly these:—In the first place, even by going back that distance of time, it will be found that barely one-half of the securities now in existence had then been created, or that they then existed in a very different form;

and to have carried the inquiry further back into the infancy of joint-stock enterprise would really have been useless to existing investors, with the few exceptions which will be touched upon hereafter. In January, 1870, the country was beginning to revive after a long period of commercial and financial stagnation, while to all appearance such was the condition of this and other European countries in January, 1880. It would obviously have been unfair to date the Inquiry either from the manias of 1864 or 1873; and altogether no better period, I think, could have been selected. As yet, ten years cover a long time in the history of most of our securities.

With respect to the accuracy of the totals and averages given at the foot of the various tables, they are open to this objection—that the average yearly return upon a security of six, seven, eight, or nine years' standing is placed side by side with those which have been in existence the full ten years. The only effect of this, however, has been slightly to lower the recorded averages, and almost all stocks or shares which have been in existence less than five years (and as the last five years have been years of depression, those stocks are seldom important) have been excluded from this Inquiry. They have been in existence too short a time to gauge their profitable nature with accuracy. Finally, the average percentages of profit have been struck upon the existing amounts of stock, not on the average amounts, nor on the aggregate market values of ten years ago, calculations which it would have been quite impossible to make. If anything, the percentages given are under rather than over-stated, no deductions from recorded market values having been made for dividends accrued; but the margin of error is really slight, and that designedly on the safe side.

I.

BRITISH GOVERNMENT SECURITIES.

Two points can be urged in favour of the "Three per Cents." They are held to be the safest investments in the world, and as such commend themselves to the trustee and the executor. They are certainly the most readily marketable securities in the world; and as such are peculiarly adapted to the banker, who has to invest a much larger proportion of his funds than he used to do. It may be objected that legislation has inflated the price of Consols by rendering the investment of certain funds therein compulsory; but such investments are likely rather to increase than diminish, so that the consequent inflation will doubtless continue. The banker's objection, that he may have to realise in periods of panic, or when from other causes the value of money is high and that of Consols comparatively low, may possess more weight. But the same must apply to all securities which a banker can hold, even to Exchequer Bills, of which the supply now-a-days is very meagre. For these reasons it seems probable that the Home Funds, which have now attained a very high level in the market, may in future be more firmly sustained in price than a decade and more ago we were accustomed to see them.

Apart from this, the Home Funds have for years past been diminishing in quantity; and the ever-increasing demand points clearly in one direction,—that of a conversion into Two and a-half per Cents. Such a conversion may not come for some years, and could never involve a loss of principal. But after 1885, we must bear in mind, the redemptions of the Three per Cents. on account of the Sinking Fund bid fair to be far larger than at present, and a new element will thus be brought to bear upon the market. But, it may be urged,—“What would be the effect of a great war upon the price of Consols?” The answer may be summed up in a word—“Temporary.” In the same way, French Rentes are higher now than ever they were before the disasters of 1870-71, which doubled the French debt, and lost her two of her fairest provinces.

The return upon a ten years' investment in British Government Securities is shown in the following tables:—

	Market Price, Jan., 1870.	DIVIDENDS PAID IN UNDERMENTIONED YEARS.										Market Price, Jan., 1880.	
		1870	1871	1872	1873	1874	1875	1876	1877	1878	1879	Total.	
3 per Cent. Consols	92	%	%	%	%	%	%	%	%	%	%	%	%
New 3 per Cents.	91 ¹ / ₂	3	3	3	3	3	3	3	3	3	3	30	97 ¹ / ₂
Reduced 3 per Cents.	91 ¹ / ₂	3	3	3	3	3	3	3	3	3	3	30	97 ¹ / ₂
New 2½ per Cents.	74	2½	2½	2½	2½	2½	2½	2½	2½	2½	2½	25	79
Exchequer Bills (March)	2/pm	2½	2½	2½	2½	2½	3	2½	2½	2½	2½	26½	2/pm
Do. (June).....	2/pm	2½	2½	2½	2½	2½	3	2½	2½	2½	2½	26½	2/pm

The unusually high rate paid upon March Exchequer Bills in 1879 was a relic of the panic of 1878. In September, 1878, the rate for the ensuing half was fixed at 3½ per cent. per annum, and in March, 1879, it was fixed at 3 until September, 1879.

In addition to the 30 per cent. paid in dividends on

Consols during the ten years, there was a rise of $5\frac{1}{4}$ per cent. in the market value, making the total return $35\frac{1}{4}$ per cent.; or, upon the market value ruling in January, 1870, as much as 38·5 per cent, which is equivalent to £3 17s. 0d. per cent. per annum as the return upon the investment. The percentages of profit may be set forth as follows:—

	Yield in Dividend per Cent. per Annum.	Yield on Value of Principal per Cent. per Annum.	Together per Cent. per Annum.	Present Amount of Stock.	Present Market Value of the Principal.
	%	%	%	£	£
3 per Cent. Consols	3·26	0·59	3·85	394,049,000	384,192,000
New 3 per Cents.	3·26	0·58	3·84	204,660,000	199,032,000
Reduced 3 per Cents.	3·26	0·58	3·84	92,679,000	90,130,000
New $2\frac{1}{4}$ per Cents.	3·38	0·67	4·05	3,758,000	2,969,000
Exchequer Bills	2·66	nil.	2·66	2,601,000	2,603,000
Do. (June)	2·62	nil.	2·62	2,562,000	2,563,000
Averages and totals ...	3·26	0·58	3·84	700,303,000	681,469,000

II.

COLONIAL GOVERNMENT DEBENTURES.

IN the ten years 1870 to 1880 Colonial Debentures have, not only as a class, but individually and without exception, yielded a handsome return to all investors therein. But, at the same time, they have at length arrived at a position in the market which we can safely affirm will preclude them from yielding any such percentage of profit in future. In 1870, for example, Canadian 5 per cent. Bonds, redeemable at par in 1885, were worth 96, and they paid the investor nearly $5\frac{1}{4}$ per cent. in interest, with a prospective bonus upon redemption. Now, however, in the face of heavy Canadian borrowings, those same debentures stand at $105\frac{1}{2}$, yielding a present purchaser but $4\frac{3}{4}$ per cent. in interest, with a prospective loss of principal five years hence of $5\frac{1}{2}$ per cent., or more than an entire year's dividend. An investor who had held these bonds during the past decade would have realised $6\frac{1}{2}$ per cent. per annum, including the gain in the value of his principal; but during the next five years he can only receive $3\frac{3}{4}$ per cent., after making due allowance for redemption at par.* In this way it can be readily

* As previously stated, all percentages of profit given in this work err in being to some extent under-statements, no allowance having been made for dividends accrued.

understood that whereas in 1870 Colonial Government Debentures afforded a field for investment in which from 5 to 6 per cent. profit might be expected with reasonable certainty, they now offer to the buyer from $4\frac{1}{4}$ to $4\frac{1}{4}$ per cent., and in the case of New Zealand a trifle more.

Still, similar diminutions of prospective profits can be urged in respect to Consols, railway debentures and preference stocks, and in almost all other classes of investments with fixed guaranteed dividends; and though our colonies have all of them continued to run rapidly into debt, the public recognise that that indebtedness is incurred for legitimate objects—for the construction of railways, roads, telegraphs, waterworks, canals, and immigration. It is not necessary to show that such works—railways for instance—earn in net revenue a sum sufficient to provide for the service of the entire debt incurred on their behalf to prove that they are reproductive. This is the direct return. But such is the great power which a railway exercises over the prosperity and taxable property of a colony by doubling or trebling the value of its inland productions, its wool, or wheat, or copper, that if in the first ten years of that railway's existence it can be shown to have earned but half the interest on the cost of construction, I am of opinion that the colony was fully justified in incurring the outlay, and is in no fear of being out of pocket by the transaction. At the end of 1878 Victoria possessed 1,052 miles of line in operation, which had cost about £16,500,000 to construct, and the net earnings upon which in 1878 were £590,976. Thus, Victorian railways were directly profitable to the extent of 3·6 per cent., whereas the Government is paying upwards of 5 per cent. interest upon the debt, to be reduced probably to $4\frac{1}{4}$ after 1885. But few will deny that

these lines are the making of the colony and a source of income to the State. New South Wales railways pay equally well. Not so those of New Zealand, the net income derived from which is not yet over $2\frac{1}{2}$ per cent. on the capital outlay. This last-named colony has certainly been most lavish in its expenditure on capital account, and, far from constructing works to meet existing requirements, has admittedly undertaken great public works in view of a future development. A national debt of £60 per head, with an annual charge of £3 9s. per head, might well be considered appalling. Yet the financial position does not appear to be so seriously imperilled that more careful guidance in future will not be able to retrieve a position in this Money Market which other flourishing Australasian colonies already possess. Indeed, the new Ministry of last year have notified that after they have completed the works to which they were committed by their predecessors, they will thereafter confine their outlay on new works to the net product of the land revenues. If they adhere to this promise, doubtless all will be well. Cape railways have thus far paid the State to the extent of 2·6 per cent.

But to return to the subject matter of this treatise. The following table sets forth the dividends and market values of the leading Colonial Stocks upon the same plan as adopted in the case of British Government Securities.

COLONIAL GOVERNMENT DEBENTURES.

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COLONIAL GOVERNMENT LOANS.

	Market Value, Jan., 1870.	Dividends Paid in Undermentioned Years.											Market Value, Jan., 1880.
		1870	1871	1872	1873	1874	1875	1876	1877	1878	1879	Total.	
Antigua 6 %	100	6	6	6	6	6	6	6	6	6	6	60	100
British Columbian 6 %, redeemable 1873	100	6	6	6	6	...	...	...	...	...	...	24	*
Do. 6 %, redeem. 1883	100	6	6	6	6	6	6	6	6	6	6	60	102
Do. 6 % Vancouver	100	6	6	6	6	6	6	6	6	6	6	60	102
Do. 6 %, redeem. 1894	90	6	6	6	6	6	6	6	6	6	6	60	107
Do. 6 %, 1877 (Province)	100	...	...	...	...	...	...	...	...	6	6	12	115
Cape of Good Hope 6 %, redeemable 1873	105	6	6	6	6	...	...	...	...	...	...	24	*
Do. 6 %, redeemable 1880-90	109	6	6	6	6	6	6	6	6	6	6	60	107
Do. 6 %, redeem. 1891	112	6	6	6	6	6	6	6	6	6	6	60	113
Do. 6 %, redeem. 1891	110½	6	6	6	6	6	6	6	6	6	6	60	112
Do. 5 %, 1865	101	6	6	6	6	6	6	6	6	6	6	60	108
Do. 6 %, 1867	104	6	6	6	6	6	6	6	6	6	6	60	113
Do. 4½ %	say 98	...	...	...	...	4½	4½	4½	4½	4½	4½	27	*98
Ceylon 6 %, redeemable 1882-3	112	6	6	6	6	6	6	6	6	6	6	60	105
Do. 6 %, redeem. 1878	110	6	6	6	6	6	6	6	6	6	...	54	*
Do. 6 %, redeem. 1872	105	6	6	6	...	...	...	...	...	...	...	18	*
Do. 4½ %, 1876	104½	...	...	...	...	...	...	...	4½	4½	4½	13½	104
Canada 6 %, redeemable 1877-80	107	6	6	6	6	6	6	6	6	6	6	60	104
Do. 6 %, redeem. 1881-4	106	6	6	6	6	6	6	6	6	6	6	60	106
Do. 5 %, redeem. 1885	96½	5	5	5	5	5	5	5	5	5	5	50	105½
Do. 5 % (Inscribed)	96	5	5	5	5	5	5	5	5	5	5	50	105½
Do. 4 % (Intercolonial)	104	4	4	4	4	4	4	4	4	4	4	40	108½
Do. 5 % (Canada guar.)	95	5	5	5	5	5	5	5	5	5	5	50	108
Do. 4 % (Rupert's Land)	103½	...	...	...	...	4	4	4	4	4	4	24	108½
Do. 4 %, 1874-5-6	90½	...	...	...	...	4	4	4	4	4	4	20	95
Do. 4 %, 1878 (Home guaranteed)	96½	...	...	...	...	...	...	...	...	...	4	4	108½
Do. 4 % (Candn. only)	...	...	...	...	...	...	...	...	...	...	4	4	95
New Brunswick 6 %	106	6	6	6	6	6	6	6	6	6	6	60	111½
Nova Scotia 6 %, 1886	106½	6	6	6	6	6	6	6	6	6	6	60	110
P. Edward Is. 6 %, 1873	104½	...	...	...	...	6	6	6	6	6	6	36	107
Quebec (Province), 5 %, 1874	98	...	...	...	...	...	5	5	5	5	5	25	104
Mauritius 6 %, 1862	107	6	6	6	6	6	6	6	6	6	6	60	103
Do. 6 %, 1865	110	6	6	6	6	6	6	6	6	6	6	60	114
Do. 4½ %, 1876	100½	...	...	...	...	...	...	...	4½	4½	4½	13½	102
Do. 6 %, redeem. 1873	106	6	6	6	6	...	...	...	...	...	...	24	*
Do. 6 %, redeem. 1878	108½	6	6	6	6	6	6	6	6	6	...	54	*
Natal 6 %, red. 1883-5	108½	6	6	6	6	6	6	6	6	6	6	60	106
Do. 6 %, 1867	107	6	6	6	6	6	6	6	6	6	6	60	106
Do. 6 %, 1872	100	...	...	...	6	6	6	6	6	6	6	42	105
Do. 4½ %, 1876	96	...	...	...	...	...	...	...	4½	4½	4½	13½	96½
New South Wales 5 %, red. 1871-6	102	5	5	5	5	5	5	5	...	...	...	35	*
Do. 5 %, red. 1889-92	102	5	5	5	5	5	5	5	5	5	5	50	106
Do. 5 %, 1866, paid off 1875	102	5	5	5	5	5	5	5	...	...	...	30	*
Do. 5 %, 1868	102	5	5	5	5	5	5	5	5	5	5	50	*105

* Redemptions have occurred in these instances.

COLONIAL GOVERNMENT LOANS—Continued.

	Market Value, Jan., 1890.	Dividends Paid in Undermentioned Years.											Market Value, Jan., 1890.
		1870	1871	1872	1873	1874	1875	1876	1877	1878	1879	Total	
		%	%	%	%	%	%	%	%	%	%	%	
New South Wales 5 %, 1870.....	98½	...	5	5	5	5	5	5	5	5	5	50	109
Do. 4 %, 1875.....	91½	...	...	...	...	...	...	4	4	4	4	16	98
New Zealand 4 %, 1857...	...	4	4	4	4	4	4	4	4	4	4	40	...
Do. 6 %, 1861.....	107	6	6	6	6	6	6	6	6	6	6	60	112
Do. 5 %, 1864.....	95½	5	5	5	5	5	5	5	5	5	5	50	104
Do. 5 % Consols.....	95	5	5	5	5	5	5	5	5	5	5	50	*101
Do. 6 %, 1866.....	106	6	6	6	6	6	6	6	6	6	6	60	112
Do. 6 %, 1866-7.....	106	6	6	6	6	6	6	6	6	6	6	60	111
Do. Auckland, 6 %.....	105½	6	6	6	6	6	6	6	6	6	6	60	112
Do. 4½ %, 1874-5.....	96	...	...	...	...	4½	4½	4½	4½	4½	4½	27	95½
Do. 5 %, 1876.....	100	...	...	...	...	5	5	5	5	5	5	15	102½
Do. 5 %, 1878.....	100	...	...	...	...	...	...	...	...	...	5	5	100
Queensland 6 %, 1864.....	110½	6	6	6	6	6	6	6	6	6	6	60	107
Do. 6 %, 1866.....	110½	6	6	6	6	6	6	6	6	6	6	60	115
Do. 6 %, 1871.....	106	...	...	6	6	6	6	6	6	6	6	48	115
Do. 4 %.....	90	...	...	...	...	6	6	6	6	6	6	36	91
South Australian 6 %, 1872-80.....	107	6	6	6	6	6	6	6	6	6	6	60	109
Do. 6 %, 1881-1891.....	110	6	6	6	6	6	6	6	6	6	6	60	106
Do. 6 %, red., 1891-1900.....	112	6	6	6	6	6	6	6	6	6	6	60	118
Do. 6 %, redem., 1901-18.....	112	6	6	6	6	6	6	6	6	6	6	60	122
Do. 4 %.....	95	...	...	...	...	...	4	4	4	4	4	20	94½
Straits Settlements 4½ %, 1877.....	99½	...	...	...	...	...	...	...	...	4½	4½	9	101
Tasmanian 6 %, 1866.....	109½	6	6	6	6	6	6	6	6	6	6	60	114
Do. 6 %, 1868.....	109½	6	6	6	6	6	6	6	6	6	6	60	114
Do. 4 %, 1878.....	94	...	...	...	...	...	...	...	...	...	4	4	93
Trinidad 5 %, 1874.....	100	...	...	...	...	...	5	5	5	5	5	25	*104
Victoria 6 %, Railway, 1859-63.....	111	6	6	6	6	6	6	6	6	6	6	60	106½
Do. 6 %, 1865.....	114½	6	6	6	6	6	6	6	6	6	6	60	116
Do. 5 %, 1869.....	104½	5	5	5	5	5	5	5	5	5	5	50	108
Do. 4 %, 1876.....	91½	...	...	...	...	...	4	4	4	4	4	20	96
Do. 4 %, 1876.....	96	...	...	...	...	...	...	...	4	4	4	12	96

* Redemptions have occurred in the instances of these loans.

Throughout the entire list the interest payments show an unbroken line. There are no defaulters. The only variations on the ten years have been in the rise in prices, which has been monotonously continuous. It will be gathered from the following table that, as a whole, Colonial Government Securities have paid the investor 5½ per cent. during the

ten years, of which 5 per cent. was represented by
 ends received, and $\frac{1}{4}$ per cent. by the gain in market
 of his principal:—

COLONIAL GOVERNMENT SECURITIES.

	Yield in Divi- dend per Cent. per Ann'm.	Yield in Value of Prin- cipal per Cent. per Ann'm.	Present Amount of Stock.	Per- cent- age of Loan Re- deem'd in 10 Years.	Profit on Re- demp- tion per Cent. per Ann'm.	Total Yield per Cent. per Ann'm.	Present Market Value of the Principal.
			£	nil.	...	6.0	£ 30,000
6 %	6.0	...	30,000	nil.	...	6.0	30,000
Columbian 6 %, re- deemable 1873	6.0	...	nil.	100	nil.	6.0	repaid.
%, redeemable 1883..	6.0	0.2	50,000	nil.	...	6.2	51,000
% Vancouver	6.0	0.2	40,000	nil.	...	6.2	41,000
%, redeemable 1894..	6.6	1.9	100,000	nil.	...	8.5	107,000
%, 1877 (Province)..	6.0	7.5	150,000	nil.	...	13.5	172,000
Good Hope 6 %, re- deemable 1873	5.7	...	nil.	100	-0.8	4.9	repaid.
%, redeem. 1890-90..	5.5	-0.2	168,000	...	...	5.3	180,000
%, redeemable 1891.	5.3	0.1	122,000	...	...	5.4	135,000
%, redeemable 1891.	5.4	0.1	131,000	...	...	5.5	147,000
%, 1885	5.9	0.7	209,000	...	...	6.6	225,000
%, 1867	5.8	0.9	174,000	...	...	6.7	195,000
%	4.9	...	8,327,000	2.5	+0.0	4.8	8,160,000
%, redeem. 1882-3..	5.3	-0.6	350,000	nil.	...	4.7	867,000
%, redeemable 1878.	5.5	-0.8	nil.	100	-0.8	4.7	repaid.
%, redeemable 1872.	5.7	-1.5	nil.	100	-1.5	4.2	repaid.
%, 1876	4.3	0.1	200,000	nil.	...	4.4	208,000
6 %, redeem. 1877-80	5.6	-0.3	nil.	...	-0.3	5.3	repaid.
%, redeem. 1881-84..	5.6	...	2,200,000	...	...	5.6	2,332,000
%, redeemable 1885.	5.2	0.9	5,053,000	...	...	6.1	5,331,000
%(Inscribed)	5.2	0.9	1,430,000	...	...	6.1	1,508,000
%(Intercolonial) ...	3.8	0.4	1,500,000	nil.	...	4.2	1,627,000
%(Canada Guar.)...	5.2	1.4	500,000	nil.	...	6.6	540,000
%(Rupert's Land)..	3.8	0.7	1,800,000	nil.	...	4.5	1,953,000
%, 1874-5-6	4.4	1.0	7,500,000	...	...	5.4	7,125,000
%, 1878 (Home Gar.)	4.2	2.10	1,500,000	...	...	7.0	1,627,000
%(Canadian only)..	4.2	2.10	1,500,000	...	...	7.0	1,625,000
inswick 6 %	5.6	0.5	854,000	...	...	6.1	952,000
rdia 6 %, 1886	5.6	0.3	225,000	nil.	...	5.9	247,000
rd Island 6 %, 1873	5.7	0.3	220,000	nil.	...	6.0	235,000
Province) 5 %, 1874	5.1	1.2	1,650,000	nil.	...	6.3	1,724,000
us 6 %, 1862	5.6	-0.4	200,000	nil.	...	5.2	206,000
%, 1865	5.5	0.4	400,000	nil.	...	5.9	456,000
%, 1876	4.4	0.5	100,000	nil.	...	4.9	102,000
%, redeemable 1873.	5.6	-1.5	nil.	100	-1.5	4.1	repaid.
%, redeemable 1878.	5.5	-0.8	nil.	100	-0.9	4.7	repaid.
%, redeem. 1883-5...	5.5	-0.2	97,000	...	...	5.3	103,000
%, 1867	5.6	...	68,000	...	...	5.6	74,000
%, 1872	6.0	0.8	166,000	...	...	6.8	174,000
%, 1876	4.7	0.2	1,300,000	nil.	...	4.9	1,354,000
th Wales 5 %, red.	4.9	-0.5	nil.	100	-0.5	4.4	repaid.
%, red. 1888-92	4.9	-0.4	3,386,000	nil.	...	4.5	3,589,000
%, 1868, paid off	4.9	-0.4	nil.	100	-0.4	4.5	repaid.

COLONIAL GOVERNMENT SECURITIES—Continued.

	Yield in Dividend per Cent. per Ann'm.	Yield in Value of Principal per Cent. per Ann'm.	Present Amount of Stock.	Per-centage of Loan Re-deem'd in 10 Years.	Profit on Re-demption per Cent. per Ann'm.	Total Yield per Cent. per Ann'm.	Present Market Value of the Principal.
			£				£
New South Wales 5 %, 1868	4.9	0.3	860,000	nil.	...	5.2	911,000
Do. 5 %, 1870	5.1	...	578,000	nil.	...	6.2	630,000
Do. 4 %, 1875	4.3	1.8	5,151,000	nil.	...	6.1	5,048,000
New Zealand 4 %, 1857	4.0	...	450,000	nil.	...	4.0	450,000
Do. 6 %, 1861	5.6	0.5	93,000	nil.	...	6.1	104,000
Do. 5 %, 1864	5.2	0.9	488,000	nil.	...	6.1	507,000
Do. 5 %, Consols	5.2	0.6	6,419,000	8.3	0.4	5.4	6,483,000
Do. 6 %, 1866	5.6	0.6	201,000	nil.	...	6.2	225,000
Do. 6 %, 1866	5.6	0.5	330,000	nil.	...	6.1	366,000
Do. 6 %, Auckland	5.7	0.7	31,000	nil.	...	6.4	35,000
Do. 4½ %, 1874-5	4.7	- 0.1	6,000,000	nil.	...	4.6	5,730,000
Do. 5 %, 1876	5.0	0.8	1,250,000	nil.	...	5.8	1,281,000
Do. 5 %, 1878	5.0	...	3,500,000	nil.	...	5.0	3,500,000
Queensland 6 %, 1864	5.4	- 0.3	1,581,000	nil.	...	5.1	1,691,000
Do. 6 %, 1866	5.4	0.4	950,000	nil.	...	5.8	1,092,000
Do. 6 %, 1871	5.6	1.0	765,000	nil.	...	6.6	880,000
Do. 4 %	6.6	0.2	5,087,000	nil.	...	6.8	4,629,000
South Australian 6%, 1872-80	5.6	...	310,000	100	- 0.7	4.9	310,000
Do. 6%, 1881-1891	5.5	- 0.4	300,000	nil.	...	5.1	318,000
Do. 6%, redeem. 1871-1900	5.4	0.5	410,000	nil.	...	5.9	484,000
Do. 6%, redeem. 1901-18	5.4	0.9	778,300	nil.	...	6.3	949,000
Do. 4 %	4.2	- 0.1	2,868,000	nil.	...	4.1	2,724,000
Straits Settlements 4½ %, 1877	4.5	0.8	100,000	nil.	...	5.5	101,000
Tasmanian 6%, 1866	5.4	0.4	102,000	nil.	...	5.8	116,000
Do. 6%, 1868	5.4	0.4	553,000	nil.	...	5.8	630,000
Do. 4 %, 1878	4.2	- 0.7	300,000	nil.	...	3.5	279,000
Trinidad 5 %, 1874	5.0	0.8	190,000	5.0	0.0	5.8	202,000
Victoria 6 %, Rail. 1859-63	5.4	- 0.4	8,000,000	nil.	...	5.0	8,520,000
Do. 6%, 1865	5.3	0.1	850,000	nil.	...	5.4	986,000
Do. 5 %, 1869	4.8	0.3	2,107,000	nil.	...	5.1	2,275,000
Do. 4 %, 1874	4.3	0.7	1,500,000	...	...	5.2	1,440,000
Do. 4 %, 1876	4.1	nil.	3,000,600	nil.	...	4.1	2,880,000
	5.0	0.5	96,812,000	...	- 0.0	5.4	98,385,000

III.

INDIA AS A PROFITABLE FIELD FOR
INVESTMENTS.

As long as Great Britain holds the reins of power in India that country cannot fail to be a large and profitable field for the employment of British surplus capital. It may be taken as an axiom of finance that every settled Government can pay its way if it has a mind to ; and we know that as long as we direct affairs of State in India that the will to pay will not be wanting. At present the bulk of our investments in that country are under the control of the State, and hold the guarantee of the State, and it is with such secured investments I purpose to deal. Our unguaranteed securities, as will be explained when Indian Banks pass under review, are subject to peculiar risks, which render their profitable nature far more fluctuating ; but the public have rightly learned to class Indian Government loans and guarantees amongst our thoroughly safe investments, and that conviction has gained ground considerably during the past ten years.

Nevertheless, Indian finance has been subjected latterly to a very severe strain, owing to the remarkable depreciation of its standard of value, the more so because so large a proportion of its payments are contracted to be made in a standard which, on the other hand, has been appreciated. The Indian Government have yearly to make disbursements

in this country to the extent of about £16,000,000, and the amount is not likely to diminish. That the State finances have latterly been enabled to withstand this strain, while silver has fallen 16 per cent. in value, while famines have entailed serious expense, while trade has been greatly depressed, and while frontier troubles have necessitated a heavy outlay, is avowedly a great argument in their favour. It may be urged that famines, frontier troubles, and trade depression are periodical, and must therefore be provided for; but when they come together, and are combined with an untoward condition of the currency, we have certainly an exceptional condition of affairs from which relief may be anticipated. It is a very striking feature of Indian economy that the value of the exports of the country so greatly exceed the imports; but this condition of affairs is in a measure rendered more constant by the requirements of a foreign governing class, and by the necessity of remitting to England. In reality, India pays her debts to this country in produce, and the Government Council drawings, of which we have latterly heard so much, alone obviate the necessity of the State becoming a vast shipper of produce. But the fact remains that in the past ten years the Indian Government have made both ends meet. It has of course paid for most of its railways by new loans; but if reproductive works were excluded from the expenditure the result of the ten years' revenue and expenditure would have been a substantial surplus.

There are special circumstances which give to India Four per Cents. a command of the market possessed by no other Government securities except Consols. Trustees are empowered to hold them in lieu of Consols, and hence *they make the general investor a lower return upon his*

capital than any other stock upon the market, with the exception of the Three per Cents. Naturally the rupee paper, in respect to which trustees have no such privileges, would yield a higher rate of profit; but the depreciation of the rupee has in the past ten years operated materially against these Four per Cents., as the following contrast proves. On the other hand, if we could see the way to a recovery in silver, rupee paper would be an exceptionally profitable investment for us to hold.

In the figures below the results in respect to the guarantees, as well as the direct Government stocks, are duly recorded :—

INDIAN GOVERNMENT STOCKS, RAILWAYS, &c.

[illegible]

The reason why the Sterling Four per Cents. have risen only $3\frac{1}{2}$ per cent. in market price is because they are redeemable at par at the option of the State in 1888, when there is little doubt but that the rate of interest thereon will be reduced—probably to 3 per cent., which would certainly be the most convenient rate for the market, and, therefore, one which would command relatively the highest market value. It cannot, therefore, be expected that India Sterling Four per Cents. can pay as much as $3\frac{1}{2}$ per cent. per annum to the present investor during the next eight years. On the other hand, it does not seem probable that with the restricted production of silver, the price of that metal is likely to go much lower, and possibly it may rise. Hence, the rupee paper offers many advantages to the large holder, though not to the small one, who naturally finds the payment of dividends in Calcutta a drawback, in spite of the accommodation offered him by the Indian banks. The new form of coupon bonds “to bearer” will of course be more marketable here.

But Indian railways appear to be specially adapted to the requirements of those who desire safe securities. Some of them cannot be acquired by the State (like the East India was last year) for a considerable period, the Bombay, Baroda, and Central India not till 1905, the Madras not till 1907, the Great Indian Peninsula not till 1899, the Scinde, Punjaub, and Delhi not till 1885, the Eastern Bengal not till 1883, and the Oude and Rohilkund not till 1887. The excess dividends paid by four Indian railways are set forth in the foregoing table, and it should be remembered that they were earned during times the reverse of prosperous. It is also worthy of remark that the capital accounts of these companies are now practically closed, that they

hold the great trunk lines throughout the Empire, and that the feeders which are so important to their growth and prosperity are being constructed by the Government, which certainly contemplates the eventual acquisition of the entire system. But for years to come the Great Indian Peninsula, as the great line connecting Bombay with both the rival Presidencies, and some other companies, afford reasonable hopes of increased profitableness, with no prospect of a loss of principal, whenever the State may elect to purchase. They have all increased steadily in market estimation in the past ten years.

	Yield in Dividend per Cent. per Annum.	Yield in Value of Principal per Cent. per Annum.	Together per Cent. per Annum.	Present Amount of Stock.	Present Market Value of the Principal.
GOVERNMENT STOCKS.					
India Sterling 4 per Cent.	4.0	0.35	4.35	£ 45,000,000	£ 46,688,000
4 per Cent. Rupee Paper ...	4.5	...	4.5	47,000,000	36,680,000
	4.25	0.15	4.4	92,000,000	83,348,000
RAILWAYS, &c.					
Bombay and Baroda 5 per Cent.	4.6	1.8	6.4	7,550,000	9,588,000
Eastern Bengal 5 per Cent.	5.1	2.4	7.5	2,255,000	3,044,000
Do. 4 per Cent. Debenture Stock, 1872	4.4	1.4	5.8	411,000	423,000
East Indian 5 per Cent.	5.1	1.5	6.6	26,200,000	33,798,000
Do. 4½ per Cent. perpetual Debenture, 1871	4.3	0.9	5.2	1,500,000	1,680,000
Great Indian Peninsula 5 per Cent.	4.8	1.9	6.7	20,000,000	25,900,000
Do. 4 per Cent. Debenture Stock, 1871	4.5	1.9	6.4	2,701,000	2,728,000
Madras 5 per Cent.	4.6	0.9	5.5	8,768,000	10,434,000
Do. 4½ per Cent.	4.1	0.9	5.0	1,000,000	1,113,000
Do. 4½ per Cent.	4.5	0.8	5.3	500,000	535,000
Madras Irrigation 5 per Cent.	4.7	—0.3	4.4	1,060,000	1,030,000
Onde and Bohlkund 5 per Cent.	4.6	1.6	6.2	4,000,000	5,000,000
Do. 4 per Cent. Debenture 1872	4.2	1.0	5.2	385,000	393,000
Scinde & Punjab 5 per Cent.	4.7	1.1	5.8	11,075,000	13,179,000
South Indian 5 per Cent.	4.7	1.3	6.0	2,985,000	3,612,000
Do. 4½ per Cent.	4.8	1.7	6.5	228,000	256,000
Do. 4½ per Cent. Debenture Stock, 1871	4.5	1.5	6.0	425,000	476,000
	4.8	1.5	6.3	90,983,000	113,189,000

IV.

FOREIGN GOVERNMENT GUARANTEES.

FOREIGN Government Stocks have latterly been unjustly condemned as means of investment because people have lost much money by Turkish, Peruvian, or Honduras bonds. He who could be tempted by the bait of extraordinary interest to embark the bulk of his funds in Turkish loans has doubtless lost ; but he who, say, ten years ago, risked one-third of his capital in Turkish, one-third in Italian, and one-third in Portuguese bonds, would at the present time stand a considerable gainer by his investments. It would be as foolish to condemn Foreign Stocks as unprofitable because Turkey is in default, as to discard Home Railways as a means of investment because people have lost money by the Chatham and Dover, or the East London ; or American Railroad undertakings because Erie, or Philadelphia and Reading shares have turned out badly ; or Bank shares because the City of Glasgow Bank and the West of England Bank have stopped payment. All these classes of investments have been profitable over a period of years, though in different degrees. There are some classes of securities which, unhappily, have yielded our investors badly—some wherein our net losses have to be counted

instead of our net gains. But these are the exceptions; and it may be safely affirmed that of those investors who have held a number of different investments for a period of years, by far the largest percentage have received an addition to the marketable value of their capital, besides a fair interest return.

But it is at present the purpose of these remarks to deal with the profitable nature of Government Stocks and Guarantees; and, carrying back our inquiry over the past ten years, we are enabled to include within it a period of large inflation in market prices, while in this case we end our inquiry at a time when depression was more marked than it was at the commencement of the decade. In 1870, the influx of foreign loans was about to begin, and during 1871 such applications attained a magnitude of £150,000,000, while in 1872 they reached £220,000,000, and during 1873, £85,000,000—the figures for 1871 and 1872 including the great French loans. But 1874-75-76 brought the collapse of very many new issues which had previously been paraded before the dazzled eyes of the public, and since then new foreign loans have been conspicuous only by their absence. Yet with all the losses which were incurred in those years, it is a fact that Foreign Stocks as a whole now command a higher market than they did ten years back, and that a great many loans issued even in the years of mania now stand at a good premium upon their issue price.

There has been very little difficulty in ascertaining the profit or loss to an investor in Consols over a long period of years. But when we come to deal with fluctuating dividends, as in the case of dividends payable in silver, or currency, or when the bonuses derived from redemption

drawings have to be taken into consideration, the calculation becomes more complex, and involves more extended calculations. Turning to the London Daily Stock and Share List, we will select the first entry on the table of Foreign Stocks, which is the Argentine Loan of 1866-68. On the 31st of December, 1869, this loan was to be purchased at $88\frac{1}{2}$, whereas on the same day in 1879 the quotation was $91\frac{1}{2}$, showing a gain of 3 per cent. in principal. But during the same period £900,000, or 39 per cent. of the loan, had been redeemed at par, so that a holder of three £100 bonds might quite expect to have had one bond paid off, upon which he would have received a profit of £11 10s. To this add £3 as the gain in market value on each of his two bonds outstanding, the net result being a gain of £17 10s. in principal, or an average of nearly £6 upon each of his bonds. Hence, we may calculate that at the purchase price of $88\frac{1}{2}$ he has received £60 in interest, plus £6 in principal, making together £66, or averaging about $7\frac{1}{2}$ per cent. as the net annual return upon his holding. The next loan, the Argentine Public Works issue of 1871, was brought out after the inflation of prices had set in, and to the original subscriber the average return for the past eight years has only been $6\frac{1}{2}$ per cent., while that on the Hard Dollar Loan issued in 1872 has averaged under 6 per cent. in the seven years of its existence. Taking all three loans together, the holder of Argentine Bonds may be considered to have obtained a profit of over $6\frac{1}{2}$ per cent. upon his investments were he now to part with them.

The statements following, therefore, take into consideration (1) profit in the shape of interest, (2) profit or loss in the market value of the principal outstanding, and (3) profit or loss on redemption; and the combined result of these

three sources of profit upon practically all the Foreign Government Stocks quoted in the "Official List" may thus be given:—

FOREIGN GOVERNMENT STOCKS—INTEREST AND MARKET PRICES.

	Market Value, Jan., 1870.	Dividends Paid in the Undermentioned Years.											Market Value, Jan., 1880.
		1870	1871	1872	1873	1874	1875	1876	1877	1878	1879	Total.	
Argentine 6 %, 1866-68...	88½	%	%	%	%	%	%	%	%	%	%	%	91½
Do. 6 %, 1871	88½	6	6	6	6	6	6	6	6	6	6	6	88½
Do. 6 %, 1872 (Hard \$)	76½	6	6	(say)	5½	5½	5½	5½	5½	5½	5	39½	65
Buenos Ayres 6 %, 1874...	92½	6	6	6	6	6	6	6	6	6	6	6	85
Do. 3 %, originally 1 % and 2 %	56	3	3	3	3	3	3	3	3	3	3	30	75
Do. 6 %, 1870	88½	6	6	6	6	6	6	6	6	6	6	6	85
Do. 6 %, 1873	89½	6	6	6	6	6	6	6	6	6	6	6	85
Entre Rios 7 %, 1872...	90½	7	7	7	7	7	7	7	7	7	7	7	100
Sante Fé 7 %, 1874	92½	7	7	7	7	7	7	7	7	7	7	7	96
Austrian 5 % Silver } less Do. 5 %, Paper } tax	65	4½	4½	4½	4½	4½	4½	4½	4½	4½	4½	4½	61½
Belgian 2½ %	49	(say) 4	4	4	4	4	4	4	4	4	4	4	59
Do. 4½ %	58½	2½	2½	2½	2½	2½	2½	2½	2½	2½	2½	25	66½
Do. 3 %, 1874	102	4½	4½	4½	4½	4½	4½	4½	4½	4½	4½	45	102½
Bolivian 6 %, 1872	75½	3	3	3	3	3	3	3	3	3	3	15	81½
Brazilian 5 %, 1859	68½	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	18	36½
Do. 4½ %, 1852-3	93	5	5	5	5	5	5	5	5	5	5	50	101
Do. 4½ %, 1860	75	4½	4½	4½	4½	4½	4½	4½	4½	4½	4½	45	99
Do. 4½ %, 1863	74	4½	4½	4½	4½	4½	4½	4½	4½	4½	4½	45	98
Do. 4½ %, 1863	74	4½	4½	4½	4½	4½	4½	4½	4½	4½	4½	45	93
Do. 5 %, 1865	87½	5	5	5	5	5	5	5	5	5	5	50	96
Do. 5 %, 1871	89½	5	5	5	5	5	5	5	5	5	5	40	93½
Do. 5 %, 1875	96½	5	5	5	5	5	5	5	5	5	5	20	94
Chilian 3 %	90	3	3	3	3	3	3	3	3	3	3	30	49
Do. 4½ %	75	4½	4½	4½	4½	4½	4½	4½	4½	4½	4½	45	66
Do. 7 %, 1866	105	7	7	7	7	7	7	7	7	7	7	70	97
Do. 6 %, 1867	99½	6	6	6	6	6	6	6	6	6	6	60	86½
Do. 5 %, 1870	83½	5	5	5	5	5	5	5	5	5	5	45	76
Do. 5 %, 1873	94½	5	5	5	5	5	5	5	5	5	5	30	73½
Do. 5 %, 1875	88½	5	5	5	5	5	5	5	5	5	5	20	73½
Chinese 8 %, 1874-6	85½	8	8	8	8	8	8	8	8	8	8	40	106
Do. 8 %, 1877	98½	8	8	8	8	8	8	8	8	8	8	16	106
Colombian 6 %, 1863	84	6	6	6	6	6	6	6	6	6	6	60	...
Do. 4½ %, 1873	50	4	4	4	4	4	4	4	4	4	4	43	42½
* 3 %, New Granada } Costa Rica 6 %, 1871	72½	6	6	6	6	6	6	6	6	6	6	18	16
Do. second issue	74½	6	6	6	6	6	6	6	6	6	6	18	16
Do. 7 %, 1873	82½	7	7	7	7	7	7	7	7	7	7	12	11
Danish 3 %, 1825	91½	3	3	3	3	3	3	3	3	3	3	27	p. off
Do. 4 %, 1850-61	85	4	4	4	4	4	4	4	4	4	4	40	95
Do. 4 %, 1862	82½	4	4	4	4	4	4	4	4	4	4	40	92½
Do. 5 %, 1864	97½	5	5	5	5	5	5	5	5	5	5	25	p. off
Do. 5 % Debentures, redeemable, 1862-72...	99½	5	5	5	5	5	5	5	5	5	5	15	p. off
Do. do. redem. 1873-7...	99	5	5	5	5	5	5	5	5	5	5	40	p. off

* New Granada debts converted in 1873. (i) Issue price.

INTEREST, &c., ON FOREIGN GOVERNMENT STOCKS—Continued.

	Market Value, Jan., 1870.	Dividends Paid in the Undermentioned Years.											Market Value, Jan., 1880.
		1870	1871	1872	1873	1874	1875	1876	1877	1878	1879	Total	
Danubian 7 %	86	%	%	%	%	%	%	%	%	%	%	%	102
Do. 8 %	98	8	8	8	8	8	8	8	8	8	8	8	107½
Dutch 2½ %	55½	2½	2½	2½	2½	2½	2½	2½	2½	2½	2½	2½	65½
Do. 4 %	86	4	4	4	4	4	4	4	4	4	4	4	101
Ecuador 1 % New Consols	9	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	7½
Egyptian 7 %, 1864	90	7	7	7	7	7	7	7	7	7	7	7	80
Do. 9 %, 1867	95½	9	9	9	9	9	9	9	9	9	9	9	81½
Do. (Viceroys) 7 %, '66	83	7	7	7	7	7	7	7	7	7	7	7	85
Do. 5 % Daira Sanieh) orig. 7 % Khedive 70)	75½	7	7	7	7	7	7	5	5	5	5	62	68
Do. 7 %, 1862	84	7	7	7	7	7	7	pref.	unified			64	64
Do. 7 %, 1868 } now 4 %	80	7	7	7	7	7	7	5p	5p	5p	5p	64	
Do. 7 %, 1873 }	84½					7	7	6a	6a	4a	4a	36	
French 3 %	73	3	3	3	3	3	3	3	3	3	3	30	81½
Do. 4½ %	103	4½	4½	4½	4½	4½	4½	4½	4½	4½	4½	45	111
Do. 5 %, 1871	82½			5	5	5	5	5	5	5	5	40	114½
Do. 5 %, 1872	84½			5	5	5	5	5	5	5	5	35	114½
Greek 5 %, ex coupons	9	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	20
Do. 5 %, coupons	3½	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	7½
Guatemala 5 %	67	5	5	5	5	5	5	5	5	5	5	30	194
Do. 6 %, 1869	69	6	6	6	6	6	6	3	nil.	nil.	nil.	39	16
Italian 5 %, Railway	57½	4½	4½	4½	4½	4½	4½	4½	4½	4½	4½	43½	84
Do. 5 % Rentes	56½	4½	4½	4½	4½	4½	4½	4½	4½	4½	4½	43	80½
Do. 5 %, 1865	86	4½	4½	4½	4½	4½	4½	4½	4½	4½	4½	43	100½
Do. 6 %, 1868 Tobe	88	5½	5½	5½	5½	5½	5½	5½	5½	5½	5½	52½	103
Do. 5 %, 1869	75	4½	4½	4½	4½	4½	4½	4½	4½	4½	4½	43½	101
Honduras 10 %, Railway, 1867	85½	10	10	10	nil.	nil.	nil.	nil.	nil.	nil.	nil.	30	5½
Do. 10 %, 1870	80½		10	10	nil.	nil.	nil.	nil.	nil.	nil.	nil.	20	5½
Hungarian 5 %, 1871	81½			5	5	5	5	5	5	5	5	40	78½
Do. 5 %, 1873	80½					5	5	5	5	5	5	30	80½
Do. 6 %, 1873	89½					6	6	6	6	6	6	30	p. off
Do. 6 %, 1874	91½						6	6	6	6	6	30	p. off
Japanese 9 %, 1870	98½		9	9	9	9	9	9	9	9	9	81	112
Do. 7 %, 1873	92½					7	7	7	7	7	7	42	108
Liberian 7 %, 1871	85½			7	7	7	nil.	nil.	nil.	nil.	nil.	21	5
Mexican 3 %, 1846	13½	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	11
Do. 3 %, 1864	6½	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	4½
Do. 6 %, Anglo-French	23	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.
Moorish 5 %, 1862	100	5	5	5	5	5	5	5	5	5	5	50	99
Norwegian 4½ %, 1876	96½								4½	4½	4½	13½	103
Do. 4½ %, 1878	95									4½	4½	4½	103
Peruvian 6 %, 1870	81½		6	6	6	6	6	nil.	nil.	nil.	nil.	30	15
Do. 5 %, 1872	77½				5	5	5	5	5	5	5	15	13
Portuguese 3 % External	34	3	3	3	3	3	3	3	3	3	3	30	53½
Russian 5 %, 1832	86	5	5	5	5	5	5	5	5	5	5	50	84
Do. 4½ %, 1850	90	4½	4½	4½	4½	4½	4½	4½	4½	4½	4½	45	85½
Do. 4½ %, 1860	90½	4½	4½	4½	4½	4½	4½	4½	4½	4½	4½	45	82
Do. 3 %, 1859	53½	3	3	3	3	3	3	3	3	3	3	30	64
Do. 5 %, 1862	85	5	5	5	5	5	5	5	5	5	5	50	83½
Do. 5 %, 1864, Anglo- Dutch	91	5	5	5	5	5	5	5	5	5	5	50	89
Do. 5 %, 1866, Anglo- Dutch	91	5	5	5	5	5	5	5	5	5	5	50	89

i Issue price.

INTEREST, &c., ON FOREIGN GOVERNMENT STOCKS—Continued.

	Market Value, Jan., 1890.	Dividends Paid in the Undermentioned Years.											Market Value, Jan., 1890.
		1870	1871	1872	1873	1874	1875	1876	1877	1878	1879	Total	
Russian 4 %, 1867, Nicolas Railway.....	65	%	%	%	%	%	%	%	%	%	%	%	76
Do. 4 %, 1869, do.....	64½	4	4	4	4	4	4	4	4	4	4	40	73
Do. 5 %, 1870.....	80	5	5	5	5	5	5	5	5	5	5	45	87
Do. 5 %, 1871.....	81½	5	5	5	5	5	5	5	5	5	5	45	88
Do. 5 %, 1872.....	89	5	5	5	5	5	5	5	5	5	5	35	89
Do. 5 %, 1873.....	93	5	5	5	5	5	5	5	5	5	5	30	90
Do. 4½ %, 1875.....	92	4½	4½	4½	4½	4½	4½	4½	4½	4½	4½	18	91
Do. 5 %, Charkof-Azof.....	81	5	5	5	5	5	5	5	5	5	5	50	92
Do. 5 %, Chark-Krom.....	80½	5	5	5	5	5	5	5	5	5	5	50	93
Do. 5 %, Mos.-Jaroslw.....	81	5	5	5	5	5	5	5	5	5	5	50	94
Do. 5 %, Orel-Vitebsk.....	82½	5	5	5	5	5	5	5	5	5	5	50	95
Sardinian 5 %, 1851.....	70	5	5	5	5	5	5	5	5	5	5	50	96
San Domingo, 6 %, 1869.....	73	6	6	6	nil.	nil.	nil.	nil.	nil.	nil.	nil.	18	97
Spanish 3 %.....	98½	3	3	3	3	3	funded ½	1	1	1	1	23	144
Do. 2 % overline coup.....	80	5	5	5	5	5	5	5	5	5	5	45	102
Do. 5 % Quicksilver.....	80	5	5	5	5	5	5	5	5	5	5	44	103
Do. 6 % Land Mort.....	90	4½	4½	4½	4½	4½	4½	4½	4½	4½	4½	50	104
Swedish 4½ %, 1864.....	101	5	5	5	5	5	5	5	5	5	5	50	105
Turkish 6 %, 1854.....	81½	6	6	6	6	6	6	6	6	6	6	57	106
Do. 6 %, 1858.....	66	6	6	6	6	6	6	6	6	6	6	36	107
Do. 6 %, 1862.....	69	6	6	6	6	6	6	6	6	6	6	36	108
Do. 6 %, 1863-4.....	66	6	6	6	6	6	6	6	6	6	6	36	109
Do. 4 %, guar. by Brit. & Fren. Governments.....	102	4	4	4	4	4	4	4	4	4	4	40	110
Do. 6 %, 1865.....	68½	6	6	6	6	6	6	6	6	6	6	36	111
Do. 6 %, 1869.....	60½	6	6	6	6	6	6	6	6	6	6	36	112
Do. 6 %, 1871.....	73	5	5	5	5	5	5	5	5	5	5	42½	113
Do. 5 %, General.....	30	5	5	5	5	5	5	5	5	5	5	35	114
Do. 9 %, A., B., & C.....	98½	9	9	9	9	9	9	9	9	9	9	27	115
Do. 6 %, 1873.....	58½	6	6	6	6	6	6	6	6	6	6	12	116
Uruguayan 6 %.....	72	6	6	6	6	6	6	6	6	6	6	35	117
Venezuela 3 %.....	9½	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	7½
Do. 1½ %.....	4½	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	3½
Do. 6 %, 1862.....	20	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	11
Do. 6 %, 1864.....	20	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	11

½ Issue price.

This table deals with a nominal capital of £2,091,000,000, while the market value reaches £1,462,000,000; and upon this capital the annual net return, after making all allowances for losses, has been about £128,000,000, or over 6 per cent. This, it must be admitted, is a fairly handsome return upon the largest section of the world's securities.

RETURN ON FOREIGN GOVERNMENT GUARANTEES.

	Yield in Divi- dend per Cent. per Ann'm.	Yield in Value of Prin- cipal per Cent. per Ann'm.	Present Amount of Stock.	Per- cent- age of Loan Re- deem'd at Par in 10 Years.	Profit on Re- demp- tion per Cent. per Ann'm.	Total Yield per Cent. per Ann'm.	Present Market Value of the Principal.
			£				£
Argentine 6 %, 1866-8.....	6.75	35	1,500,000	39.0	0.4	7.5	1,373,000
Do 6 %, 1871.....	6.75	— 2	4,450,000	27.5	0.4	6.9	3,850,000
Do 6 %, 1872 (Hard \$) ...	7.4	— 1.5	3,200,000	...	...	5.9	2,080,000
Buenos Ayres 6 %, 1824.....	6.5	— 8	700,000	...	...	5.7	600,000
Do 3 %.....	5.3	3.4	600,000	...	...	8.7	450,000
Do 6 %, 1870.....	6.8	— 3	901,000	12.0	0.2	6.7	766,000
Do 6 %, 1873.....	6.7	— 8	1,936,000	6.0	0.1	6.0	1,645,000
Entre Rios, 7 %, 1872.....	7.8	1.6	176,000	22.5	...	9.4	176,000
Santa Fé, 7 %, 1874.....	7.6	— 8	256,000	15.0	...	8.4	246,000
Austrian 5 %, Silver.....	6.5	— 5	96,900,000	...	...	6.0	59,000,000
Do 5 %, Paper.....	8.2	2.0	102,400,000	...	...	10.2	60,400,000
Belgian 2½ %.....	4.3	1.4	8,804,000	...	...	5.7	5,855,000
Do 4½ %.....	4.4	nil.	17,000,000	...	...	4.4	17,430,000
Do 3 %, 1874.....	3.9	1.4	1,440,000	...	...	5.3	1,174,000
Bolivian 6 %, 1872.....	3.8	— 6.6	1,666,000	2.0	0.15	— 2.7	608,000
Brazilian 5 %, 1859.....	5.4	0.9	nil.	purchs.	...	6.3	...
Do 4½ %, 1852-8.....	6.0	3.2	810,000	purchs.	...	9.2	802,000
Do 4½ %, 1860.....	6.1	3.2	520,000	purchs.	...	9.3	509,000
Do 4½ %, 1863.....	6.1	2.6	2,030,000	purchs.	...	8.7	1,888,000
Do 5 %, 1865.....	5.7	0.9	5,700,000	12.5	0.05	6.6	5,472,000
Do 5 %, 1871.....	5.6	0.5	3,180,000	purchs.	...	6.1	2,970,000
Do 5 %, 1875.....	5.2	— 0.3	5,200,000	purchs.	...	4.9	4,900,000
Chilian 3 %.....	3.3	— 4.5	200,000	purchs.	...	— 1.2	98,000
Do 4½ %.....	6.0	— 1.2	1,000,000	purchs.	...	4.8	660,000
Do 7 %, 1866.....	6.6	— 0.8	700,000	34.0	— 0.1	5.9	690,000
Do 6 %, 1867.....	6.0	— 1.3	1,300,000	32.0	0.4	5.1	1,125,000
Do 5 %, 1870.....	6.0	— 0.8	834,000	17.5	0.4	5.6	634,000
Do 5 %, 1873.....	5.3	— 3.0	1,993,000	12.5	0.5	2.8	1,455,000
Do 5 %, 1875.....	5.7	— 3.5	1,800,000	8.0	0.5	2.7	1,323,000
Chinese 8 %, 1874-6.....	8.4	2.2	400,000	36.5	— 0.4	10.2	424,000
Do 8 %, 1877.....	8.1	2.7	1,300,000	19.0	— 0.4	10.4	1,378,000
Colombian 6 %, 1863.....	7.1	...	65,000	45.0	0.7	7.8	50,000
Do 4½ %, 1873 N. Granada.....	8.7	— 1.5	1,939,000	3.0	0.2	7.4	824,000
Costa Rica 6 %, 1871.....	3.1	— 9.6	473,000	5.5	0.5	— 6.0	75,000
Do, second issue.....	3.0	— 9.7	473,000	5.5	0.5	— 6.2	75,000
Do 7 %, 1872.....	2.1	— 9.0	2,364,000	1.5	0.2	— 6.7	260,000
Danish 3 %, 1825.....	3.6	...	nil.	purchs.	...	say 4.0	...
Do 4 %, 1850-61.....	4.7	1.1	340,000	8.0	0.05	5.8	323,000
Do 4 %, 1862.....	4.8	1.2	500,000	nil.	...	6.0	457,000
Do 5 %, 1864.....	5.1	...	nil.	100	0.5	5.6	...
Do 5 %, debentures, red. 1869-72.....	5.0	...	nil.	100	0.2	5.2	...
Do do, 1873-7.....	5.0	...	nil.	100	0.1	5.1	...
Danubian 7 %.....	8.1	1.9	500,000	40.0	— 0.08	9.9	510,000
Do 8 %.....	8.1	1.0	850,000	30.0	— 0.2	8.9	910,000
Dutch 2½ %.....	4.5	1.8	54,429,000	...	...	6.3	35,651,000
Do 4 %.....	4.6	1.7	15,998,000	...	...	6.3	16,158,000
Ecuador 1 %, new consolid. Egyptian 7 %, 1864 } prt. rd	nil.	— 1.7	1,824,000	nil.	...	— 1.7	137,000
Do 9 %, 1867..... } at 90	7.8	— 0.9	300,000	94.0	say 1.3	8.2	244,000
	9.4	— 1.0	650,000	66.0	0.7	9.1	560,000

RETURN ON FOREIGN GOVERNMENT GUARANTEES—Continued.

	Yield in Divi- dend per Cent. per Ann'm.	Yield in Value of Prin- cipal per Cent. per Ann'm.	Present Amount of Stock.	Per- cent- age of Loan Re- deem'd at Par in 10 Years.	Profit on Re- demp- tion per Cent. per Ann'm.	Total Yield per Cent. per Ann'm.	Present Market Value of the Principal.
			£				£
Egyptian (Viceroy) 7 %, 1866	8.4	0.2	1,000,000	60.0	0.6	9.2	850,000
Do. 5 %, Daira Sanieh, originally 7 % Khedive, 1870	8.3	— 0.9	5,910,000	17.0	0.5	7.9	4,019,000
Do. 7 %, 1862 { now	7.6	— 2.4	556,160,000	15.0	0.5	5.7	238,920,000
Do. 7 %, 1868 { Unified &	8.0	— 2.0	16,900,000	10.0	0.4	6.4	13,680,000
Do. 7 %, 1873 { Preference	7.1	— 2.4	unified pref	3.0	0.1	4.8	
French 3 %	4.1	1.1	485,000,000	nil.	...	5.2	385,270,000
Do. 4 ½ %	4.3	0.8	33,500,000	nil.	...	5.1	39,525,000
Do. 5 %, 1871	6.0	3.9	111,000,000	nil.	...	9.9	126,815,000
Do. 5 %, 1872	5.9	3.5	165,000,000	nil.	...	9.4	188,510,000
Greek 5 %, ex coupons	nil.	12.2	2,457,000	nil.	...	12.2	491,000
Do. 5 % coupons	nil.	10.0	2,300,000	nil.	...	10.0	172,000
Guatemala 5 %	4.4	— 7.1	80,000	(?)	(?)	— 2.7	15,000
Do. 6 %, 1869	5.6	— 7.7	468,000	5.0	0.4	— 1.7	75,000
Italian 5 %, railway	7.6	4.5	1,770,000	0.5	0.0	12.1	1,487,000
Do. 5 %, Rente	7.7	4.4	250,000,000	nil.	...	12.1	201,875,000
Do. 5 %, 1865	5.1	1.7	1,066,000	82.0	0.0	6.8	1,071,000
Do. 6 %, 1868, Tobacco	5.9	1.7	2,500,000	70.0	0.0	7.6	2,575,000
Do. 5 %, 1869	5.8	3.5	1,738,000	68.6	0.0	9.3	1,750,000
Honduras 10 %, rail, 1867	3.5	— 9.3	901,000	10.0	1.0	— 4.8	49,000
Do. 10 %, 1870	2.5	— 9.3	2,242,000	6.2	0.6	— 6.2	123,900
Hungarian 5 %, 1871	6.1	— 0.3	2,670,000	11.0	0.2	6.0	2,100,000
Do. 5 %, 1873	6.2	0.1	4,950,000	9.5	0.3	6.6	3,985,000
Do. 6 %, 1873	6.7	...	nil.	100.0	2.2	8.9	...
Do. 6 %, 1874	6.5	...	nil.	100.0	1.7	8.2	...
Japanese 9 %, 1870	9.2	1.5	300,000	70.0	— 0.8	9.9	336,000
Do. 7 %, 1873	7.5	2.4	2,100,000	12.5	— 0.1	9.8	2,268,000
Liberian 7 %, 1871	4.0	— 10.3	100,000	nil.	...	6.3	5,000
Mexican 3 %, 1846	nil.	— 1.7	10,242,000	nil.	...	— 1.7	1,126,000
Do. 3 %, 1864	nil.	— 2.7	4,865,000	nil.	...	— 2.7	233,000
Do. 6 %, Anglo-French	nil.	— 10.0	12,365,000	nil.	...	— 10.0	nil.
Moorish 5 %, 1862	5.0	— 0.1	84,000	76.0	0.0	4.9	83,000
Norwegian 4 ½ %, 1876	4.6	1.6	1,313,000	0.5	0.9	6.2	1,352,000
Do. 4 ½ %, 1878	4.7	4.0	1,700,000	...	...	8.7	1,751,000
Peruvian 6 %, 1870	4.1	— 8.1	11,141,000	...	...	— 4.0	1,671,000
Do. 5 %, 1872	2.8	— 10.4	20,437,000	7.5	0.1	— 7.5	2,657,000
Portuguese 3 %, external	8.8	5.7	34,265,000	nil.	...	14.5	18,246,000
Russian 5 %, 1822	5.8	— 0.2	5,300,000	nil.	...	5.6	4,452,000
Do. 4 ½ %, 1850	5.0	— 0.5	2,420,000	38.0	0.6	5.1	2,069,000
Do. 4 ½ %, 1860	5.6	0.2	4,750,000	22.0	0.4	6.2	3,895,000
Do. 3 %, 1859	5.6	2.0	4,165,000	35.0	purchs.	8.6	2,225,000
Do. 5 %, 1862	5.9	— 0.2	15,000,000	nil.	...	5.7	12,525,000
Do. 5 %, 1864, Anglo-Dutch	5.5	— 0.2	4,750,000	16.0	0.2	5.5	4,227,000
Do. 5 %, 1866, Anglo-Dutch	5.5	— 0.2	5,000,000	15.0	0.2	5.5	4,450,000
Do. 4 %, 1867, Nicolas Rail- way	6.1	1.7	22,640,000	1.5	0.05	7.8	17,206,000
Do. 4 %, 1869, do.	6.1	1.7	22,640,000	1.5	0.05	7.8	17,206,000
Do. 5 %, 1870	6.2	0.9	11,900,000	1.0	0.0	7.1	10,353,000
Do. 5 %, 1871	6.1	0.7	11,900,000	0.8	0.0	6.8	10,234,000
Do. 5 %, 1872	5.6	— 0.6	14,850,000	0.6	0.0	5.0	12,700,000

RETURN ON FOREIGN GOVERNMENT GUARANTEES—Continued.

	Yield in Dividend per Cent. per Ann'm.	Yield in Value of Principal per Cent. per Ann'm.	Present Amount of Stock.	Per-centage of Loan Re-deem'd at Par in 10 Years.	Profit on Re-demption per Cent. per Ann'm.	Total Yield per Cent. per Ann'm.	Present Market Value of the Principal.
			£				£
Russian 5 %, 1873	5.4	- 1.2	14,930,000	0.5	0.0	4.2	12,840,000
Do. 4½ %, 1875	4.9	- 3.5	14,937,000	0.4	0.0	1.4	11,332,000
Do. 5 % Charkof-Azof ...	6.1	0.7	4,319,000	0.8	0.0	6.8	3,757,000
Do. 5 % Charkow-Krementschug	6.2	0.8	1,691,000	1.0	0.01	7.0	1,471,000
Do. 5 % Moscow-Jaroslaw	6.1	1.7	1,893,000	1.4	0.01	7.8	1,798,000
Do. 5 % Orel-Vitebsk	6.1	0.5	4,471,000	0.8	0.0	6.6	3,890,000
Sardinian 5 %, 1861	7.1	3.3	2,175,000	29.0	purchs.	10.4	2,023,000
San Domingo 6 %, 1869	2.4	- 8.8	728,000	4.0	0.4	- 6.0	65,000
Spanish 3 %	8.1	- 4.8	173,240,000	...	...	3.3	24,903,000
Do. 2 % Overdue Coupons	6.2	2.9	14,733,000	...	...	...	5,562,000
Do. 5 %, Quicksilver	6.2	2.9	1,950,000	16.0	...	8.1	1,990,000
Do. 6 % Land Mortgage	6.9	1.2	1,820,000	65.0	1.0	9.1	1,601,000
Swedish 4½ %, 1864	5.0	1.4	500,000	77.0	...	6.4	510,000
Do. 5 %, 1868	4.9	0.8	1,120,000	purchs.	...	5.7	1,220,000
Turkish 6 %, 1854	7.0	- 0.2	1,800,000	22.0	0.45	7.2	1,440,000
Do. 6 %, 1858	5.4	- 7.0	3,589,000	17.5	1.5	- 0.1	736,000
Do. 6 %, 1862	5.2	- 7.5	4,900,000	29.0	2.5	0.2	833,000
Do. 6 %, 1863-4	5.4	- 7.4	5,100,000	28.0	2.5	0.5	867,000
Do. 5 %, Guar. by British and French Govts.	3.9	0.3	3,500,000	18.0	- 0.1	4.1	3,675,000
Do. 6 %, 1865	5.2	- 8.2	4,000,000	27.0	2.3	- 0.7	500,000
Do. 6 %, 1869	5.9	- 7.9	20,650,000	7.0	0.8	- 1.2	2,555,000
Do. 6 %, 1871	7.0	- 1.7	5,000,000	5.0	0.2	8.5	3,150,000
Do. 5 % General	7.0	- 8.0	70,000,000	nil.	...	- 1.0	6,825,000
Do. 9 %, A. B. C.	3.9	- 10.1	6,000,000	(?)	...	- 6.2	1,080,000
Do. 6 %, 1873	3.5	- 11.3	20,000,000	...	...	- 6.8	2,100,000
Uruguay 6 %	6.9	- 7.5	3,200,000	11.0	0.9	0.3	990,000
Venezuela 3 %	nil.	- 2.1	2,812,000	nil.	...	- 2.1	211,000
Do. 1½ %	nil.	- 2.6	1,382,000	nil.	...	- 2.6	48,000
Do. 6 %, 1862	nil.	- 4.0	1,100,000	nil.	...	- 4.0	132,000
Do. 6 %, 1864	nil.	- 4.5	1,397,000	nil.	...	- 4.5	154,000
	5.87	0.21	209,173,300	...	0.06*	6.14	146,239,400

* Profit under this head to some extent included in the second column, so that 0.06 per cent. is rather below the true "Profit on Redemption."

But the method by which these results have been arrived at calls for some additional explanatory observations. The Foreign Stock list is at once the most important and at the same time the most difficult to summarise effectually. Loans to the number of 127 have here been classified, about one-third in amount of which have been issued during the ten years under consideration. The great bulk of these new issues were effected in the years 1870-71-72-73, and have, therefore, become thoroughly acclimatised; and the net return therefrom, though not running the full ten years, may fairly be ranked with the loans of more than ten years' standing. It may be remarked, however, that issues effected during the past two years do not find a place in these figures, and that, including Hungarian and Austrian gold rentes, the Egyptian State Domain loan, and one or two other trifling loans, the present market value of all the Foreign Stocks quoted in the London Daily Stock and Share List is above £1,500,000,000.

"But," it is urged, "many of these Foreign Stocks are held mostly or largely abroad, and the return to our English investors cannot be accurately gauged by any such a tabular statement." Such criticism, which is insisted on by Mr. Hyde Clarke in his "Debts of Sovereign and Quasi-Sovereign States," applies with much force as far as the actual payments effected in this country are concerned. But though x may represent the unknown amount of our holding in Foreign Stocks, we may with some approach to accuracy assume that about 6·1 per cent. of x has represented our annual profit upon such holdings. For instance, the stocks most largely held abroad are French, Belgian, Dutch, Austrian, Turkish 1863, and some other loans which may be singled out. If we exclude such from our table

altogether, the totals are all of them much reduced, but the average proportions shown at the foot of the columns remain with little variation. Experience proves that from such investments an average profit can be realised much in excess of what the Home Funds can yield, and that if the risks are properly insured, the one against the other, a satisfactory result may be expected. It was this averaging of risks which enabled Trust Companies some years back to take so extensive a hold upon the public fancy; but it is better that an investor should, if he can, act as his own trustee in this way, and very many have done so to their advantage.

It will be observed that United States Government Securities have not thus far been included in these observations. They hold a somewhat remarkable position, having within the period named been almost entirely paid off at par, while fresh securities have been issued in their place bearing a lower rate of interest. These new securities are practically the old debts bearing smaller dividends, and it shows how enormously the credit of this Government has improved that the Four per Cents. should now stand much higher in market value than the Six per Cents. did ten years ago. In the following record it has, for purposes of this comparison, been supposed that in 1874 the Six per Cent. Five-Twenty Bonds of 1862 were converted into Five per Cent. Funded Bonds; that in 1876 the Five-Twenties of 1864 were similarly converted; that in 1878 the Five-Twenties of 1865 were converted into Four and a-half per Cent. Funded Bonds; and that in 1879 the last of the Five-Twenties and the Five per Cent. Ten-Forties were converted into Four per Cent. Funded Bonds. These suppositions are only approximately accurate, but any closer inquiry

would involve very intricate and lengthy calculations, while the average percentages would be practically unaltered.

UNITED STATES GOVERNMENT LOANS—INTEREST, &C.

	Market Value, Jan. 1870.	Dividends Paid in Undermentioned Years.										Market Value, Jan. 1880.	
		1870	1871	1872	1873	1874	1875	1876	1877	1878	1879		Total.
United States 10/40, 5 %	92	5	5	5	5	5	5	5	5	5	4	49	106
Do. 6 % 1881	93	6	6	6	6	6	6	6	6	6	6	60	106
Do. 6 % 1882, 5/20 Bds.	95	6	6	6	6	5	5	5	5	5	5	54	106
Do. 6 % 1884	93	6	6	6	6	6	6	5	5	5	5	59	106
Do. 6 % 1885	94	6	6	6	6	6	6	6	6	4½	4½	57	109
Do. 6 % 1887, "	93	6	6	6	6	6	6	6	6	6	4	53	106

RETURN UPON UNITED STATE LOANS.

	Yield in Dividend Per Cent. Per Annum.	Yield in Value of Principal per Cent. per Annum.	Present Amount of Stock.	Total Yield per Cent. per Annum.	Present Market Value of the Principal.
United States 6 % 1881	6.6	1.4	£ 52,865,000	8.0	£ 56,637,000
Do. 6 % 1882 5/20 Bonds	5.8	1.2	{ 100,000,000	7.0	{ 106,000,000
Do. 6 % 1884	6.1	1.4	{ 5 %s	7.5	{
Do. 6 % 1885	6.2	1.6	{ 50,000,000	7.8	54,500,000
Do. 6 % 1887	6.4	1.4	{ 4½ %s	7.8	{
Do. 5 % 10/40 Bonds	5.4	1.5	{ 150,000,000	6.9	{ 159,000,000
	6.1	1.4	352,865,000	7.5	375,537,000

The return is thus $7\frac{1}{2}$ per cent. per annum, which is most satisfactory as regards the past. But no such high rate of return can be counted upon in future, and that for reasons too evident to need explanation.

DIVIDENDS, &c., OF ORDINARY STOCKS—*Continued.*

	Market Value, Jan., 1880.	Dividends Paid in Undermentioned Years.											Market Value, Jan., 1880.
		1870	1871	1872	1873	1874	1875	1876	1877	1878	1879	Total.	
Lon., Brightn., & Sth. Cst.	47½	1½	1½	2½	3½	3½	4½	5	5½	6½	5½	37½	135
Lon., Chatham, & Dover	15½	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	27½
Manchester and Sheffield	5½	1½	2	3½	2½	1½	2	2½	2½	3	2½	24½	81
Metropolitan	9½	3½	3½	1½	2½	2½	3½	4	4½	5	5	35½	122
Metropolitan District	3½	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	51½
Midland	123	6½	6½	7½	7	6	6½	5½	5½	5½	5½	61	133
Monmouthshire	85	5½	5½	7	5½	7½	4½	6½	6½	6½	6½	61	106
North-Eastern	123½	7½	8½	9½	9	8½	8½	7½	7½	6½	6	78½	146
North London	121	6½	6	6	5½	5½	5½	6	6½	7	7½	61½	173
North Staffordshire	61½	2½	3	3½	3	1½	2½	2	2	1½	1½	24	64
South Devon	4½	2½	3½	4	3½	3½	1½	1½	2½	2½	2½	27½	76
South-Eastern	78½	3½	3½	4½	5	5	5½	5½	5½	5½	5½	48½	127
Do. Deferred	4½	3½	3½	2½	4	4	4	4	5½	5½	5½	37½	117½
Taff Vale	155	10	10	10	10	11	8	12	12	11½	11½	106	211
SCOTCH.													
Caledonian	76	3½	4½	5½	3½	3½	5½	6½	6½	5½	3½	48	101½
Glasgow & Sth. Western	106	5½	5½	5½	5½	3½	3½	3½	4½	3½	2½	44½	94
Great North of Scotland	10	nil.	nil.	nil.	nil.	3½	1½	2½	2½	1½	1½	10½	67
Highland	68	3	4½	6	5½	4½	3½	4½	5	5	3½	45½	98½
North British	35	nil.	nil.	1½	1½	nil.	2½	3½	3	2½	1½	15½	78½
IRISH.													
Belfast & Nthn. Counties	92	5	6	7	7½	7½	7	7½	7½	7½	4½	66½	122
Dublin and Belfast	74½*	4	4½	4½	4½	4½	4½	4½	4½	4½	4½	55½*	120
Do. and Drogheda	99	5	5½	5½	6	6	6	6	6	6	5	57	120
Ulster	87*	4½	5½	6½	7½	7	6½	6½	6½	6½	6½	53½*	120
Dublin, Wicklw., & Wxfrd.	37	2½	2½	2½	3½	3½	4	5½	5½	4½	2½	35½	80
Gt. Southern & Western	98½	5	5	5½	5½	5½	5½	5½	5½	5½	4½	52½	112½
Midland Great Western	69½	3½	4	4	4½	4	4½	5	5	5	3	42½	85
Waterford and Limerick	20½	1	2½	3½	2½	3	1½	2½	3	2½	2½	24½	68

* Adjusted.

A short study of these figures will show that a great and general improvement in the financial condition of our railway systems has taken place; while it must be admitted that no such general advance occurred in the previous decade. Between 1860 and 1870 there was, it is true, a substantial improvement in many of the "heavy" lines, including about 35 per cent. in Lancashire and Yorkshire, nearly 30 in London and North-Western, 25 in North-Eastern, and about 15 in Midland and Manchester and Sheffield. But most of the Southern and the passenger

lines had fared badly ; a distrust continued to be common that railway accounts were subject to secret manipulations ; and the disclosures with respect to the Chatham and Dover, the London and Brighton, and other companies, helped to prolong this feeling. In addition, an extraordinary rate of capital expenditure had been incurred, for in the four years 1862-66 no less than £100,000,000 sterling of new capital were expended on our Home Railways, and an intense spirit of rivalry and competition had become developed, which nothing short of a crisis like that of 1866 was able to curb. At that time, too, there was fully £100,000,000 sterling of short-dated terminable debentures outstanding, and the holders clamoured for their principal as well as their interest ; while, to add to the confusion, every company issued accounts after a fashion of its own, and all attempts at a just comparison between them were quite hopeless. It is rather a matter for surprise that between 1860, when the total of the paid-up capital was £334,362,928, and 1870, when it probably exceeded £520,000,000 (the ten years' increase being £186,000,000, or 56 per cent.), the original stocks should have been enabled to maintain their position in the estimation of investors at all. But the vigour of their young constitutions was too strong to be ruined by bad nursing ; and the passing of the "Regulation of Railways" Act of 1868, which came into operation in 1869, was the first great step towards the financial regeneration of these undertakings. It provided for a serviceable common form of accounts, based upon common principles, to be duly audited and reported upon, and in other ways provided the proprietors with a greater command over their property. Furthermore, the companies became alive to the necessity of converting

Terminable Debentures into Permanent Debenture Stocks—a change now practically completed—and Parliament awakened to a clearer sense of its duties in respect to these restricted monopolies. Prior to the crisis of 1866, any contractor could obtain the passage through Parliament of a Bill for any competing line; and, backed up by finance companies, these competing, and for the most part useless, Railways, were started wholesale, the view being that the trunk line of the district would be compelled before long to buy them up in self-defence. Finance Companies, Lloyd's bonds, and "contractors' lines" are now happily things of the past, and latterly the State has on many occasions refused a competing line when it was shown that the traffic could be adequately accommodated by the existing route. Railways are brought well under command by regulations as to maximum fares and minimum trains, by the Law Courts and compensation charges, and by the Railway Commissioners; and with such safeguards it is waste to construct two or more parallel highways to carry the traffic which one could readily accommodate. It is the recognition of these principles of railway management which has mainly caused the steady growth of confidence in such investments, though there are other causes, such as the consolidation of innumerable small stocks into a few larger ones, and amalgamations tending to reduce expenses, which have further improved market values and profits.

During the past ten years competition has been by no means idle, but it has been more healthful; while arrangements have been come to for the division of competing traffic in many directions—arrangements which have not hurt the public, although of much advantage to the shareholders. Nor have the companies been unmindful of pro-

viding increased facilities, for nearly £170,000,000 of capital have been expended in the past ten years, say 33 per cent. upon the capital existing in 1869, which, with another £25,000,000 of nominal additions, due to amalgamations and consolidations, raises the existing gross capital of Home Railways to £717,003,469.

But what profits have our Home Railways actually yielded in these ten years? The table of dividends and market prices already given permits of a fairly accurate estimate being made in respect to the Ordinary Stocks. This estimate will be found in the following recapitulation of the companies named :—

RETURN UPON HOME RAILWAY ORDINARY STOCKS.

	Yield in Dividend per Cent. per Annum.	Yield in Value of Principal per Cent. per Annum.	Together per Cent. per Annum.	Present Amount of Stock.	Present Market Value of the Principal.
ENGLISH.				£	£
Bristol and Exeter	73	86	159	say 2,022,000	2,331,000
East London	nil.	-33	-33	1,400,000	280,000
Furness	67	11	78	2,642,000	3,342,000
Great Northern	58	12	70	7,746,000	9,450,000
Do, A.	61	07	68	1,159,000	1,356,000
Great Eastern	18	53	71	10,500,000	6,195,000
Great Western	79	94	173	15,800,000	17,498,000
Lancashire and Yorkshire...	57	11	68	14,193,000	18,096,000
London & North-Western...	56	20	76	32,724,000	48,431,000
London & South-Western...	59	42	101	9,285,000	12,302,000
Lon., Brighton, & S. Coast...	79	187	266	3,800,000	5,130,000
London, Chatham, & Dover.	nil.	79	79	10,771,000	2,935,000
Manchester and Sheffield ...	45	50	95	2,959,000	2,397,000
Metropolitan	38	32	70	4,105,000	5,008,000
Metropolitan District.....	025	120	1225	2,215,000	1,808,000
Midland	49	08	57	20,858,000	27,741,000
Monmouthshire	72	95	167	830,000	1,378,000
North-Eastern	63	17	80	21,425,000	31,280,000
North London	51	43	94	1,975,000	3,417,000
North Staffordshire	39	04	43	3,230,000	2,067,000
South Devon	63	74	137	say 1,498,000	1,138,000
South-Eastern	62	61	123	3,492,000	4,435,000
Do. Deferred.....	84	167	251	2,253,000	2,647,000
Taff Vale.....	68	83	151	1,110,000	2,342,000
	52	38	90	177,992,000	213,501,000

RETURN ON ORDINARY STOCKS—*Continued.*

	Yield in Dividend per Cent. per Annum.	Yield in Value of Principal per Cent. per Annum.	Together Per Cent. per Annum.	Present Amount of Stock.	Present Market Value of the Principal.
SCOTCH.					
Caledonian	6·3	3·3	9·6	10,257,000	10,411,000
Glasgow & South-Western...	4·2	—1·1	3·1	4,928,000	4,632,000
Great North of Scotland ...	13·8	57·0	67·8	878,000	588,000
Highland	7·0	4·9	11·9	1,562,000	1,538,000
North British	4·3	12·4	16·7	3,861,000	3,031,000
	5·6	6·2	11·8	21,486,000	20,200,000
IRISH.					
Belfast & Northern Counties	7·2	3·2	10·4	558,000	681,000
Dublin & Belfast { Great	7·4	6·1	13·5	2,892,000	3,470,000
Do. & Drogheda { North of	5·7	2·1	7·8		
Ulster	6·1	3·8	9·9		
Dublin, Wicklow, & Wexford	9·5	11·6	21·1	645,000	516,000
Great Southern & Western.	5·3	1·4	6·7	4,896,000	5,508,000
Midland Great Western	6·1	2·2	8·3	2,355,000	2,002,000
Waterford and Limerick ...	12·2	23·5	35·7	597,000	406,000
	6·4	3·9	10·3	11,943,000	12,583,000
UNITED KINGDOM.					
Grand Total	5·3	4·1	9·4	211,421,000	246,134,000

This list, though it omits a number of insignificant stocks, accounts for more than 80 per cent. of the entire ordinary capital, and may be taken as a just criterion of what the entire enumeration would be. The result is that investors in Scotch Ordinary Stocks have obtained 11·8 per cent. for their money during this period ; those in the Irish 10·3 per cent., and those in the English 9·0 per cent. ; the average being 9·4 per cent. for the United Kingdom. Nor has any allowance been made in these tables for the various bonuses which the ordinary shareholders have received in the shape of fresh issues of capital, the value of an allotment letter having on many occasions been by no means inconsiderable. On one occasion recently it was valued as high as 7 per cent. ; and the return upon Midland Stock should be specially increased in this way.

But it must not be forgotten that the Ordinary Stocks amount to less than 40 per cent. of the entire £717,000,000 of Home Railway capital. The Preference and Guaranteed Stocks represent another 35 per cent., and with these it is necessary to deal. The following is a list of many of the leading priority capitals, though it is quite impossible in the space of these remarks to deal with anything approaching a complete enumeration of them:—

RETURN ON PREFERENCE AND GUARANTEED STOCKS.

	Market Values.			Yield to the Investor Per Annum.		
	Jan., 1870.	Jan., 1880.		In Divi- dends.	In Prin- cipal.	To- gether.
Birkenhead 4 % Guaranteed.....	93½	106	+ 12½	4.2%	1.3%	5.5%
Caledonian 4 % Preference	84	100½	+ 16½	4.8	2.0	6.8
Dublin, Wicklow, and Wexford 6 %..	117	142	+ 25	5.1	2.1	7.2
Furness 8 %	163	189	+ 26	4.9	1.6	6.5
Glasgow and South-Western 5 %	113	122	+ 9	4.4	.8	5.2
Great Eastern 4 % Guaranteed	77	103	+ 26	5.2	3.4	8.6
Great Northern 4½ % Preference	100	114	+ 14	4.5	1.4	5.9
Great Southern and Western 4 %	99	107	+ 8	4.0	.8	4.8
Great Western 5 % Rent-Charge.....	107	130	+ 23	4.7	2.1	6.8
Do. 5 % Preference	98	126½	+ 28½	5.1	2.9	8.0
Highland A 4½ %	91	107½	+ 16½	4.9	1.8	6.7
Lancashire and Yorkshire 4 %	91	103	+ 12	4.4	1.3	5.6
London and Blackwall 4½ %	95	115	+ 20	4.7	2.1	6.8
London and North-Western 4 %	90	105	+ 15	4.5	1.7	6.2
London and South-Western 4½ %	96	114½	+ 18½	4.7	1.9	6.6
London and Brighton 5 %	89	125	+ 36	5.6	4.1	9.7
London, Chatham, & Dover Prf. 4½ %	say 40*	94	+ 54	4.5*	13.5	18.0
Manchester and Sheffield 5 %, 1862..	94½	122	+ 27½	5.3	2.9	8.2
Metropolitan 5 %	101	126	+ 25	5.0	2.5	7.5
Midland 4 %	91	106	+ 15	4.4	1.6	6.0
Midland Great Western 5 %	106	118	+ 12	4.7	1.1	5.8
North British 4 % Guaranteed.....	84	101½	+ 17½	4.8	2.1	6.9
North-Eastern 4 % (W. Hartlepool)..	88	104	+ 16	4.5	1.8	6.3
North Staffordshire 5 %	102	117	+ 15	4.9	1.5	6.4
South-Eastern 5 %	101	127	+ 26	5.0	2.5	7.5
Average				4.7	1.8	6.5

* Chatham and Dover Preference Stock consists mainly of the old 1st and 2nd Preferences converted in September, 1870, the former at 119 % of Arbitration Stock for 100 % old, and the latter at 70 %, plus 30 % ordinary stock. The dividends increased thereon from ½ %, paid in 1871, to 3½ %, paid in 1879.

There is here shown a gain of 6½ per cent. per annum, of which upwards of 1½ per cent. has accrued from the increased market value of the principal, and it is probable

that a complete list would show rather more favourable results.

Finally, 25 per cent. of Home Railway capital is invested in Debenture Stocks, and the profit on such holdings may be judged by the figures below :—

RETURN ON DEBENTURE STOCKS.

	Market Values.			Yield to the Investor per Annum.		
	Jan., 1870.	Jan., 1880.		In Dividends.	In Principal.	Together.
Caledonian 4 % Debenture Stock.....	93	104	+ 11	4·3%	1·2%	5·5%
Great Eastern 5 %	106	127	+ 21	4·7	1·9	6·6
Great Northern 4 %	100½	109½	+ 9	4·0	·9	4·9
Great Western 5 %	112	131	+ 19	4·5	1·4	5·9
London and North-Western 4 %	100½	108½	+ 8	4·0	·8	4·8
London and South-Western 4 %	99	108½	+ 10½	4·0	1·1	5·1
London and Brighton 4½ %	99	109	+ 10	4·5	1·0	5·5
Metropolitan District 6 %	115	154	+ 39	5·4	3·4	8·8
Midland 4 %	100	109	+ 9	4·0	·9	4·9
North British 4½ %	99	112½	+ 13½	4·5	1·4	5·9
North-Eastern 4 %	99	106½	+ 7½	4·0	·8	4·8
South-Eastern 5 %	113	131	+ 18	4·4	1·4	5·8
				4·3	1·0	5·3

This class of capital has, it will be seen, yielded only 5½ per cent., of which about 1 per cent. has consisted of a rise in principal.

The past has been gauged, and has yielded surprising results. The expansion of dividends and values has probably been all the more marked because of the comparative absence of such expansion in the previous ten years. What are the probabilities as regards the future? First, it can hardly be anticipated that the Preference and Debenture capitals will in the coming decade prove as profitable to holders as in the past. The great rise has partly resulted from consolidations giving increased market facilities, and most of these consolidations have now been carried into effect. But they have become more and more a channel to which investors seeking safe securities have turned their

attention, and as such the market values of Debenture Stocks have drawn nearer to the level of Consols, and Preferences to the level of Debenture Stocks. It seems probable that the intervals between the ranks of these high-class investments will now much more slowly contract. The same remarks, however, do not apply to the Ordinary Stocks. There would appear to be no reasons why a return to commercial activity, whenever that desirable event may occur, should not further expand railway profits, which have so singularly well withstood the recent depression in trade. Fresh capital for the prosecution of new works can now be raised upon terms far more favourable than has ever previously been the case—though we confess to wishing to see such outlay more and more curtailed; and the principal drawbacks to be feared are that increased prosperity may lead to a revival of reckless capital expenditure, to Parliamentary campaigning, and to mutual antagonism, which have always been the chief foes to the shareholders. Still, financially, the past ten years have, as has been explained, been exceptionally eventful for Home Railway proprietors; and he would be sanguine who should count upon a return during the coming ten years of 9 per cent. upon purchases now effected in Home Railway Ordinary Stocks. No reasons can be urged why they should not pay him well; but such a high percentage cannot be the ordinary lot of investors, even though some investments will be pointed out in the course of these remarks which have yielded a still higher rate of profit.



VI.

COLONIAL AND FOREIGN RAILWAYS.

It will be difficult indeed to find Railway Investments which, during the past decade, have paid us like our Home Railways. Certainly, Colonial Railways are not among them. All Australian and Cape lines are now State property; and, for the investor, Colonial Railway Investments consist practically of two categories, Indian guaranteed and Canadian unguaranteed Securities. The former have, as has already been stated, paid the buyer handsomely; but Canadian, in spite of the recent rise, have been one of the worst holdings in the market. This may be judged from the following list of dividends paid during the past ten years, and of prices at the commencement of January when contrasted with those of January, 1870:—

CANADIAN RAILWAY DIVIDENDS AND MARKET PRICES.

	Market Price, Jan., 1870.	Dividends Paid in Each Year.											Market Price, Jan., 1880.
		1870	1871	1872	1873	1874	1875	1876	1877	1878	1879	Total.	
Atlantic & St. Lawrence.	61	% 4	% 4	% 4	% 6	% 6	% 6	% 6	% 6	% 6	% 6	% 54	115
Buffalo and Lake Huron	3	..	1½	2	3¼	3¼	4¼	4½	4½	4½	4½	32½	9
Grand Trunk	15	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	16
Do. 1st Preference.....	57	Mostly				5	3¼	1½	nil.	nil.	1½	½	70
Do. 2nd do.	42	Capital-				nil.	nil.	nil.	nil.	nil.	nil.	nil.	51
Do. 3rd do.	31	ised.				nil.	nil.	nil.	nil.	nil.	nil.	nil.	27
Great Western of Canada	16½	4½	5½	6½	5½	1½	nil.	nil.	nil.	nil.	nil.	23½	12
Do. 5% Debenture Stck.	90*	...	...	...	...	5	5	5	5	5	5	30	96

* Issue price.

In these eight leading Securities are comprised considerably more than half our holdings in Canadian Railway properties; and though the two first on the list have paid well, owing to their recently being more completely absorbed within the Grand Trunk system, yet the average return upon the whole investment during the past ten years has scarcely exceeded 2 per cent. Nor if a large number of the smaller securities were included in the list would a better result be shown, for many are in a state of bankruptcy, and only those pay fairly which are guaranteed. The yield and present value of each stock are given below :—

RETURN ON CANADIAN RAILWAYS.

	Yield in Dividend per Cent. per Annum.	Yield in Value of Principal per Cent. per Annum.	Together per Cent. per Annum.	Present Amount of Stock.	Present Market Value of the Principal.
	%	%	%	£	£
Atlantic and St. Lawrence...	8·8	8·8	17·6	1,127,000	1,296,000
Buffalo and Lake Huron ...	22·5	4·9	27·4	525,000	231,000
Grand Trunk.....	nil.	·5	·5	10,987,000	1,730,000
Do. 1st Preference	3·0	2·2	5·2	3,218,000	2,252,000
Do. 2nd do.	nil.	2·1	2·1	2,328,000	1,187,000
Do. 3rd do.	nil.	-1·3	-1·3	7,167,000	1,935,000
Great Western of Canada...	2·9	-2·6	·3	6,115,000	1,284,000
Do. 5 % Debenture Stock.	5·6	1·0	6·6	2,500,000	2,400,000
	1·90	·15	2·05	33,967,000	12,315,000

Why, it will be asked, have Canadian Railways, as a class, been so unprofitable during the past decade? Certainly, prices were not so high in 1870 that no room was left for subsequent improvement. The fact is, they were originally financed and constructed upon altogether wrong principles. That they have very greatly benefited the Dominion there can be no question, but nevertheless they were started upon conditions under which they could not expect to prosper. When railways are required for a vast and thinly-peopled country like Canada—railways which shall

act the part of pioneers to cultivation and national development—they must receive the support of the State during that period of their existence in which the development of traffic is small, or, as in the case before us, their capital accounts, when increased, will have to be overloaded with new Stocks issued at very heavy discount, or with Preference and Pre-preference Securities which remove any near prospect of dividends. Thus in the instance of the Grand Trunk of Canada, the latest issue of Ordinary Stock was £7,500,000, at 81 per cent. discount, while the Great Western of Canada has recently issued Ordinary Stock at 74 per cent. discount. Then, again, these companies were started during the period of the broad gauge mania, and years afterwards a change of gauge became a necessity. Thus all the works were upon a far more costly scale than was necessary. Probably Canadian Railways will, with careful management, improve their position in the decade before us—first, because almost all railways are intrinsically improving properties; secondly, because the trade of the districts served having passed through a long probationary period, may probably be expected to show more rapid development in the future; and, thirdly, which is the most important reason of all, because they are likely to attract a far larger amount of “through traffic.” Had it not been for the through traffic between two portions of the United States which has passed over the Great Western system that line would have been hopelessly bankrupt, and long before this would have ceased to possess an independent existence. Recently, the Grand Trunk has obtained access to Chicago by purchase of some lines running through Michigan; while as the Dominion Government are now committed to the Canadian-Pacific Railroad, we may

anticipate that another very important feeder will, in course of time, be added. Had Canadian Railways been originally constructed and nursed by the Government, they would by this time have been remunerative. As it is, the Grand Trunk is far too heavily weighted to ever become a rapidly-improving property, even with the traffic returns of the first half of 1880 before us. Indian Railways, prior to receiving Government guarantees, were apparently hopeless undertakings, yet they are now directly profitable to themselves and to the State which guaranteed.

In dealing with Foreign Railways, it is not our purpose to include within our remarks any obligations which receive a direct Government guarantee, and are regarded in the light of a Government security, though most Continental and South American companies receive, or did originally receive Government support. Most United States Railroads, however, have been established, and many are prosperous, without such aid. But we must remember three things in connection with those companies. The unfenced "tracks" have been constructed very cheaply; their extensive land grants have in most cases been found very valuable assets; and great attention has been paid to their through communications, more especially to their East and West trunk routes. Still, even United States Railroads a little more than a year ago would have been found but a poor holding by the investor of ten years' standing. During 1879, however, they sustained an altogether unexampled rise in market estimation, and many Securities were more than doubled in price. The result has been very perceptible in the following tables.

FOREIGN RAILWAY DIVIDENDS AND MARKET PRICES.

	Market Value, Jan., 1870.	Dividends Paid in Undermentioned Years.											Market Value, Jan., 1890.
		1870	1871	1872	1873	1874	1875	1876	1877	1878	1879	Total.	
CONTINENTAL.													
Antwerp and Rotterdam.	104½	5½	6½	8	9½	8	9½	8	9½	8½	8½	82½	26
Dunaburg and Witepsk.	18	6½	6½	6½	6½	6½	6½	6½	6½	6½	6½	62½	16
Dutch Rhenish	24	8½	7½	8	8	8	7½	7½	7	7½	7½	75½	29
Eastern of France	23½	nil	6½	6½	6½	6½	6½	6½	6½	6½	6½	59½	28
Lemberg-Czernowitz	16½	7	6	5	5	5	5	5	5	5	5	53	12½
Northern of France	44½	16	10½	14½	16½	16½	16	16½	16½	16	17	156½	59
Paris, Lyons, & Mediter.	38½	12	...	10½	12	12	11	11	11	10½	11	100½	45
Paris and Orleans	38	11½	...	11½	11½	11½	11½	11½	11½	11½	11½	100½	45
Ottoman	5½	nil.	nil.	nil.	nil.	5	3½	nil.	nil.	nil.	nil.	8½	4
Royal Swedish	...	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	½
Sambre and Meuse	6½	2	2	2	2½	2½	2	2½	2½	2½	2½	21½	13
South Austrian	20½	3	4	4	4	3	1½	nil.	nil.	nil.	nil.	19½	7½
Do. 3 % Obligations	10½	3	3	3	3	3	3	3	2½	2½	2½	29½	10½
Southern of France	25	7	nil.	8	8	8	8	8	8	8	8	71	35
Western of France	23½	7	nil.	7	7	7	7	7	7	7	7	63	30½
West Flanders	10	6½	6½	7½	7½	7½	7½	3½	nil.	nil.	nil.	45½	10½
UNITED STATES.													
Atlantic, Mississippi, and Ohio 8% Mrt.(Oct.71)	83½	...	...	7½	7½	3½	3½	nil.	nil.	nil.	nil.	21½	70
Atlantic & Great-West- ern 1st Mortgage	65	*5	*5	7	7	nil.	nil.	nil.	nil.	nil.	nil.	24	60
Do. 2nd Mortgage	60	*5	*5	*5	7	nil.	nil.	nil.	nil.	nil.	nil.	22	28
Baltimore and Ohio 6 % Sterling Bonds, 1910.	97	...	...	...	6	6	6	6	6	6	6	42	112
Chicago and Alton 6 % Mortgage (Sept., '73)	92½	...	...	...	...	6	6	6	6	6	6	36	113
Cairo and Vincennes 7 % 1st Mort. (Feb., '72)	87½	...	...	7	7	7	3½	nil.	nil.	nil.	nil.	24½	61
Erie Shares	18	nil.	nil.	nil.	2½	nil.	nil.	nil.	nil.	nil.	nil.	2½	44
Chicago, Milwaukee, and St. Paul 7% 1st Mort- gage (April, '72)	90	...	...	...	7	7	7	7	7	7	7	49	117
Illinois Shares	100	10	10	10	10	8	8	8	4	5	6	79	103
Lehigh Valley 6% Sterling Mortgage (Feb., '74)	90	...	...	...	...	6	6	6	6	6	6	36	107
New York Central Shares	95	6	6	8	8	8	8	8	8	8	8	60	135
Do. Gen. Sterling Mort.	95½	...	...	...	...	6	6	6	6	6	6	36	119½
Philadelphia and Erie 1st Mortgage	87	6	6	6	6	6	6	6	6	6	6	60	107
Philadelphia & Reading Shares	47	10	10	10	10	10	10	2½	nil.	nil.	nil.	62½	36½
Do. 6% General Mort.	91½	...	...	...	...	...	6	6	6	6	6	30	90
United New Jersey 6 % Mort. (April, '73)	97	...	...	...	...	6	6	6	6	6	6	36	111
Pennsylvania Shares	42	10	10	10	10	10	8	8	3½	2	4½	76	52½
Do. Gen. Sterl. Mort.	90	6	6	6	6	6	6	6	6	6	6	60	112
SOUTH AMERICAN.													
Bahia and San Francisco	16½	6½	6½	6½	6½	6½	6½	6½	6½	6½	6½	65½	22½
Buenos Ayres Gt. Southern	110	8	8½	8	7½	7½	10	9	6½	6	7	78	128
Central Argentine	20	7	7	7	...	2½	5½	8½	2½	4½	4½	49½	17½
Mexican	3½	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	5½
Northern of Buenos Ayres 7 % Guaranteed	8½	7	7	7	7	7	7	7	...	...	...	49	5½
Recife and San Francisco (Pernambuco)	77½	3	4½	5	5½	5½	5½	5½	5½	5½	5½	50½	97
San Paulo	21	6½	6½	6½	6½	8	9½	8½	8	10	9½	80½	34

* Estimated value of capitalised interest.

The results of these dividends and variations in the value of the principal are given in the following table, from which it appears that while Continental lines have yielded the investor about 5½ per cent., United States' have paid him nearly 9½ per cent., and South American 8½ per cent. Upon the supposition that he had held all three classes in amounts proportionate to the magnitude of the respective Securities, they would have returned him just 7 per cent. on the ten years.

RETURN ON FOREIGN RAILWAY SECURITIES.

	Yield in Dividend per Cent. per Annum.	Yield in Value of Principal per Cent. per Annum.	Together per Cent. per Annum.	Present Amount of Stock.	Present Market Value of the Principal.
CONTINENTAL.					
Antwerp and Rotterdam ...	7.6	14.1	21.7	£ 500,000	£ 1,300,000
Dunaburg and Witepek.....	5.5	-0.5	5.0	2,080,000	2,105,000
Dutch Rhenish.....	6.3	2.1	8.4	2,440,000	3,538,000
Eastern of France.....	5.0	1.9	6.9	11,680,000	16,352,000
Lemberg-Ozernowitz.....	6.4	-2.4	4.0	3,960,000	2,475,000
Northern of France.....	5.7	3.3	9.0	8,400,000	30,975,000
Paris, Lyons, and Med.....	5.2	1.7	6.9	16,000,000	36,000,000
Paris and Orleans.....	5.3	1.8	7.1	12,000,000	27,000,000
Ottoman.....	3.3	-2.3	1.0	892,000	178,000
Royal Swedish.....	nil.	30.0	30.0	460,000	46,000
Sambre and Meuse.....	6.3	2.2	15.5	620,000	403,000
South Austrian.....	1.8	-6.5	-4.7	15,000,000	5,334,000
Do. 3 % Obligations.....	5.7	0.1	5.8	61,808,000	31,676,000
Southern of France.....	5.7	4.0	9.7	5,000,000	8,750,000
Western of France.....	5.3	2.8	8.1	6,000,000	9,075,000
West Flanders.....	4.0	0.5	4.5	325,000	389,000
	5.1	0.4	5.5	147,165,000	175,597,000
UNITED STATES.					
Atlantic, Miss., and Ohio 7 % Mortgage.....	3.3	-2.0	1.3	1,240,000	868,000
Atlantic & Great Western 1st Mortgage.....	3.7	-0.8	2.9	3,500,000	2,100,000
Do. 2nd Mortgage.....	3.7	-5.3	-1.6	2,300,000	644,000
Baltimore and Ohio 6 % Sterling Bonds.....	6.2	2.2	8.4	2,000,000	2,240,000
Chicago and Alton 6 % Mortgage.....	6.5	2.2	8.7	900,000	1,017,000
Cairo and Vincennes 7 % 1st Mortgage.....	3.5	-3.7	-0.2	700,000	434,000
Erie Shares.....	1.5	11.9	13.4	15,600,000	6,786,000
Chicago, Mil., & St Paul 7 % 1st Mortgage.....	7.8	3.7	11.5	800,000	936,000
Illinois Shares.....	7.9	.3	8.1	5,800,000	5,974,000
Lehigh Valley 6 % Sterling Mortgage.....	6.7	3.1	9.8	600,000	642,000

RETURN ON FOREIGN RAILWAY SECURITIES—*Continued.*

	Yield in Dividend per Cent. per Annum.	Yield in Value of Principal per Cent. per Annum.	Together per Cent. per Annum.	Present Amount of Stock.	Present Market Value of the Principal.
UNITED STATES—Cont.					
New York Central Shares...	6.3	4.2	10.5	17,885,000	24,234,000
Do. 6 % Sterling Mort.....	6.3	4.2	10.5	2,000,000	2,390,000
Pennsylvania Shares	9.2	2.5	12.2	12,742,000	13,379,000
Do. General Sterl. Mort.....	6.7	2.4	9.1	3,987,000	4,465,000
Philadelphia and Erie 1st Mortgage	6.9	2.3	9.2	400,000	488,000
Philadelphia and Reading Shares	6.7	—2.2	4.5	6,537,000	4,772,000
Do. 6 % General Mort.....	6.5	—0.4	6.1	4,000,000	4,380,000
United New Jersey 6 % Mortgage	6.2	2.4	8.8	1,080,000	1,208,000
	5.7	3.6	9.3	82,051,000	76,797,000
SOUTH AMERICAN.					
Bahia and San Francisco ...	8.3	4.8	12.1	1,800,000	2,025,000
Buenos Ayres Gt. Southern.	6.6	0.9	7.5	1,610,000	2,077,000
Central Argentine	5.1	—0.9	4.2	1,800,000	1,137,000
Mexican	nil.	6.9	6.9	2,252,000	619,000
Northern of Buenos Ayres 7 % Guaranteed	5.9	—3.5	2.4	138,000	11,000
Recife and San Francisco (Pernambuco)	4.9	—0.5	4.4	1,200,000	1,164,000
San Paulo	7.9	6.8	14.7	2,000,000	3,400,000
	5.3	3.4	8.7	10,298,000	10,433,000
Continental, United States, and South American ...	5.3	1.7	7.0	239,514,000	262,827,000

It will, doubtless, strike many of our readers that the list given of American lines is a very meagre one, having regard to the great number of securities now quoted in our Stock Exchange lists. This is undoubtedly true. But most of the stocks now dealt in have been known in English markets but a very few years. Not a few have been added in the past twelve months, and they are of necessity excluded from our calculation. For instance, Union Pacific 100 dols. shares were added to our Stock Exchange lists in December, 1878, and during 1879 there was an increase of 27 dols. in principal in addition to the dividend. Altogether, this stock yielded 45 per cent. to the holder during the twelve

months. But these and other yet more enormous percentages should not rank side by side with stocks of ten years' standing; and indeed they show what must be patent to all but those who have been carried away by the frenzy of gambling, that the advance during 1879 was far in excess of the merits of the case. The traffic and profits have doubtless increased of late, and may continue to do so, but in moderate proportions only. Railroads in America are so numerous, and competition so keen, that any great expansion in the dividends cannot be looked for, more especially as working expenses must have been swollen by the recent fluctuations in the price of materials, which, as an instance in point, had in the spring more than doubled the cost of iron and steel rails. For these reasons it would appear that United States Railroad shares, at any rate, are likely to be less profitable to holders for some time to come.

With regard to Continental Railway Securities, it may be said that they are yearly becoming more and more "home investments," and offer less inducements to the English capitalist, apart altogether from possible political embroilments. Our investors in Austrian and Hungarian lines have not hitherto fared well, those lines suffering from a want of through communications and from the imposition of what is called an "income tax;" but there may very possibly be better times in store for them with extended communications and a higher value to the Austrian currency. Of Turkish lines the less that is said the better.

Finally, South American companies (they are mostly on the Western side of the continent), after numerous fluctuations, have revived with the reviving trade of Brazil and the River Plate; and they may very possibly continue to

pay well. And the verdict of most people will be that they undoubtedly ought to pay well ; for who is able to forecast the future of a South American republic ? Their jealousies and animosities one with another are but too well known. The profits in sight should, therefore, be commensurate with the risks accepted by the shareholders.

VII.

ENGLISH BANKING COMPANIES.

Nor without hesitation has this section of our inquiry been approached ; for it is almost an impossibility to do full justice to the great Home Banking interests. Not that, even in the face of losses incurred by the Collie frauds or West of England Bank disaster, will there be any difficulty in verifying the conclusion of Mr. Bagehot that "the Joint Stock Banks of this country are a most remarkable success;" it will only be difficult indeed to give the full measure of that success. Bank shareholders have derived many advantages from their holdings which no mere enumeration of their dividends received, or of the market prices of the day, can enable us to determine. It is not the province of this work to inquire whether extensive additions to paid-up capital are desirable, although the writer just quoted contemplated, as the model of a successful bank, an institution which had by careful accumulation collected so large a surplus of assets in its balance-sheet that no paid-up capital would be required. But our banks have chosen the swifter method of increasing their "moral influence"



by additions to capital rather than by additions to surplus profits, and probably a shareholder of ten years' standing in either the London and County or National Provincial will find that his additional allotments have yielded him quite £10 a share as bonus, irrespective of the gain accruing to him from his dividends and the increased market value of his original holding. After the failure of the City of Glasgow Bank there was certainly a pause in the previous rate of expansion; but the present conversion of so many of our greatest banks from unlimited to limited and reserved liability has been made the occasion of very large, and possibly excessive, additions to paid-up capital. Consequently, the question must suggest itself whether the undoubtedly steady growth of banking operations will enable bank managers and directors to provide the old rates of dividends upon their now more heavily weighted capital accounts? If they can do so, and that without extending their operations into channels involving greater risks, we may then be more assured that these additions were really desirable, and not offered as a sedative to the banking public during the process of conversion into limited companies. In reality no such sedative was needed, the public being quite prepared for the abolition of unlimited liability throughout the entire field of joint-stock enterprise.

But for the present the profits of the past claim our attention, and the following figures show the dividends paid in the ten years—1870-79—by the leading London, or principally London, companies, and the market values at the commencement and end of the decade.

DIVIDENDS, &C., OF LONDON, OR CHIEFLY LONDON, BANKS.

	Market Value, Jan., 1870.	Dividends Paid in Each Year.											Market Value, Jan., 1880.
		1870	1871	1872	1873	1874	1875	1876	1877	1878	1879	Total	
		%	%	%	%	%	%	%	%	%	%	%	
Alliance.....	5½	3½	5	5½	7	8	7	7	6	6	5½	60½	10½
Bank of England	236½	8½	9½	9½	11½	11½	9	9	9½	9½	10½	98½	270
Central	32	5	5½	7	8	8	8	8	8	8	8	73½	7½
City	10½	7	7½	9½	10	10	9	8	9	10	10	90	16½
Consolidated	4½	5½	6	7½	9	10	10	10	10	10	10	88½	7
Imperial	13	5½	6	7	8	8	8	7	6	6	6	67½	16
London and County	48½	17	18	19½	20	20	18	16½	16	18	18	181	*64½
London & South-Western	9	2½	3½	5	6	7	7½	8	8	8	6	61½	20½
London & Westminster....	59	17½	18	19	20	22	16	14	14	14	14	168½	64
London Joint Stock	31½	15	19½	12½	22½	22½	18½	17½	16	16½	15	175½	43
Union of London	37½	17½	17½	20	20	20	15	15	13½	15	13½	167½	*38

* £10 to be added to market value of London and County Bank shares; £2 to Union of London—representing estimated profits on new issues of capital.

Though a fall in market values of not far short of 20 per cent. on the average occurred in Bank shares in the six months following the 2nd October, 1878, that fall was not at any time sufficient to have cancelled the advance during the previous eight years. There was also a sharp reaction in prices in the spring of 1875, when the Plymouth Iron-works and Collie failures caused such exceptionally heavy losses. But since that date all those losses have been written off out of profits, and every bank in the above statement marks an improvement in price between the commencement and the end of the decade—some a very substantial improvement. After the panic of 1866, all the newer Banking institutions were unwarrantably depreciated in public estimation, and this accounts in a measure for the great rise which has since taken place in Alliance, Central, Consolidated, and London and South-Western shares, a rise which in three instances has exceeded 100 per cent. on the

years; while, among the older institutions, the London County, City, and London Joint Stock have advanced most rapidly. The results yielded by the foregoing of dividends and market prices are recorded below:—

RETURN ON LONDON, OR CHIEFLY LONDON, BANKS.

	Yield in Dividend per Cent. per Annum.	Yield in Value of Principal per Cent. per Annum.	Together per Cent. per Annum.	Present Amount of Paid up Capital.	Present Market Value of the Principal.
				£	£
Bank of England	11·5	10·5	22·0	800,000	880,000
London County	9·8	10·6	20·4	100,000	150,000
London City	8·6	5·7	14·3	600,000	990,000
London Joint Stock	8·6	7·0	15·6	800,000	1,400,000
London & County	8·1	2·3	10·4	675,000	720,000
London & Westminster	7·5	5·4	12·9	1,500,000	4,837,000
London & South-Western	13·7	12·8	26·5	200,000	205,000
London & Westminster	5·7	0·9	6·6	2,000,000	6,400,000
London Joint Stock	8·3	3·6	11·9	1,200,000	3,440,000
London of London	6·8	0·7	7·5	1,395,000	3,408,000
	7·9	3·9	11·8	9,270,000	22,370,000
of England	4·1	1·4	5·5	14,553,000	39,293,000
	5·6	2·4	8·0	23,823,000	61,663,000

part from the Bank of England, these London companies have yielded the investor not far short of 12 per cent. annum during the past ten years, of which two-thirds have been actually received in cash dividends, and one-third represents the increased market value of his principal. Including the Bank of England, which, simply from its holding of Government Securities, would be entitled to rank as a Government guarantee, the return has been 8 per cent., of which upwards of 5½ per cent. has consisted of cash dividends.

On a whole, Provincial Banks have run the London companies close in the category of profitable investments.

DIVIDENDS, &c. OF PROVINCIAL, OR CHIEFLY PROVINCIAL, BANKS.

	Market Value, Jan., 1870.	Dividends Paid in Undermentioned Years.											Market Value, Jan., 1880.
		1870	1871	1872	1873	1874	1875	1876	1877	1878	1879	Total	
		£	%	%	%	%	%	%	%	%	%	£	
Bank of Liverpool.....	20½	13	13	14	16	16	16	14	16	15	12	145	25½
Birmingham	9	6½	7½	10	11½	13½	15	15	15	17½	20	131½	16½
Birmingham and Mid- land	72	20	20	20	20	20	20	22	22	22	20½	206½	66
Birmingham Joint Stock	29½	20	20	20	20	30	20	30	20	20	20	220	34
Bradford	113	22½	22½	22½	22½	25	25	25*	25	25	25	240	163
Bradford Commercial	67½	18	17½	17½	18	18	18	18	18	18	18	179½	71
Bradford Old	38	11½	11½	13½	13½	13½	14½	15	15	15	14½	136½	51½
Cumberland Union	27	12	12	12	16	16	18	18	18	18	18	158	42
Gloucestershire	44½	13½	13½	13½	13½	13½	13½	13½	13½	14½	13½	135½	50
Halifax and Huddersfield	23½	17½	17½	18½	18½	18½	17½	17½	16½	16½	13½	172½	24½
Halifax Joint Stock	23½	15	10	18	18	18	18	18	18	18	18	169	28
Huddersfield	45	10	10	10	10	10	10	10	10	10	10	100	49½
Hull	35	16	16	18	20	30	20	21½	20	20	20	191½	54
Lancaster	88½	27½	26½	31½	27½	34	30	30	30	30	24	290½	120
Leeds and County	23½	6	6	6½	7½	8	9½	10	10	10	6	79½	26½
Liverpool Commercial	16½	10	10	10	11	11½	12½	12½	12½	12½	10	112½	18
Liverpool Union	29½	10	10	11½	10	10	10	10	10	10	10	101½	34½
Lloyd's	13	11½	13½	15	20	30	26½	20	21½	20	20	188½	23½
Manchester and County	20½	8	10	11	12½	15	15	15	15	15	15	131½	39½
Manchester and Liver- pool District	27	20	20	20	20	30	20	20	20	20	20	200	33½
Manchester and Salford	10	10½	9½	9½	10½	9½	11½	10½	13	11½	11½	106½	16½
Midland	24	6	6	8	8	9	9	8	8	8	7	77	19
National Provincial of England	70½	20½	21	21	2½	25	23	21	21	21	21	217½	77½
North and South Wales	41	20½	21	21	23	25	23	21	21	21	21	217½	73½
North-Western	23	17½	17½	17½	17½	18½	17½	17½	17½	17½	17½	176½	42½
Pares's Leicestershire	6	5	5½	6	6	7	7	8	8	8	6	66½	9½
Parr's	29½	14	14	14	14	14	14	14	14	14	14	140	31
Sheffield (old shrs 140½pd.)	33½	8	8	10	12½	15	15	15	17½	17½	17½	136	56½
Sheffield and Hallam- shire	253	12½	12½	12½	12½	16	16	16½	16½	15½	15½	146½	305
Sheffield and Rotherham	43	10½	11½	11½	14	15	15	14	14	14	13	132½	53½
West Riding	70	16½	16½	18½	20	20½	18½	17½	17½	18½	18	182½	85
Worcester City and County	19½	16½	17½	17	17½	18½	16½	15	15	15	15	163½	26
Yorkshire	22½	10½	10	11½	11½	12½	12½	12½	12½	12½	10	114½	20½
West of England and South Wales District	36½	20	20	20	21½	24	24	24	24	22	11	210½	27½
	17½	8	8	10	12	14	14	10	8	8	11d	92	15

* Capital increased 50 per cent. out of profits; dividends calculated on £40.

† £18 and £10 respectively to be added to National Provincial prices, and £5 to North and South Wales—for profits on additions to capital. Many other provincial banks have also made additions, and their increased value of principal is larger than above shown.

This is not a complete list of Provincial Banks, but it contains all the more important companies in which investors in 1870 could readily become shareholders, and comprises an aggregate market value of £37,500,000 out of a

of £54,000,000, which may be roughly assigned as the amount of the entire list of English Provincial Banks on the 1st January last. Dealing with these figures as the London Companies have already been dealt with, the following results are obtained:—

RETURN ON PROVINCIAL, OR CHIEFLY PROVINCIAL, BANKS.

	Yield in Dividend per Cent. per Annum.	Yield in Value of Principal per Cent. per Annum.	Together per Cent. per Annum.	Present Amount of Paid-up Capital.	Present Market Value of the Principal.
				£	£
Bank of Liverpool	9.0	2.5	11.5	625,000	1,262,000
Birmingham	7.3	8.0	15.3	160,000	520,000
Birmingham and Midland	7.1	— 0.8	6.3	300,000	396,000
Birmingham Joint Stock	7.4	1.4	8.8	300,000	1,020,000
Cardiff	8.5	4.4	12.9	408,000	1,662,000
Cardiff Commercial	5.3	0.5	5.8	250,000	887,000
Cardiff Old	7.2	3.6	10.8	424,000	1,093,000
Cardiff Union	7.3	5.5	12.8	250,000	840,000
Cardiff and Huddersfield	6.8	1.3	8.1	450,000	1,000,000
Cardiff and Huddersfield Joint Stock	6.0	— 1.4	4.6	250,000	612,000
Cardiff Joint Stock	7.2	1.9	9.1	200,000	560,000
Cardiff	5.5	0.9	6.4	425,000	1,047,000
Cardiff	9.6	5.4	15.0	121,000	435,000
Cardiff	8.1	3.5	11.6	275,000	1,650,000
Cardiff and County	8.3	1.1	9.4	230,000	244,000
Cardiff Commercial	6.7	0.7	7.4	350,000	630,000
Cardiff Union	6.9	1.6	8.5	600,000	1,363,000
Cardiff	10.9	9.6	20.5	440,000	1,403,000
Cardiff and County	9.4	8.8	18.2	660,000	1,554,000
Cardiff and Liverpool	7.4	2.5	9.9	905,000	3,054,000
Cardiff and Salford	7.5	6.2	13.7	700,000	896,000
Cardiff	8.0	— 4.5	3.5	375,000	244,000
Cardiff	6.4	2.9	9.3	420,000	1,314,000
Cardiff	6.3	3.0	9.3	1,267,000	4,600,000
Cardiff and South Wales	7.6	1.8	9.4	500,000	1,462,000
Cardiff	8.3	5.8	14.1	405,000	527,000
Cardiff Leicestershire	5.9	0.5	6.4	250,000	620,000
Cardiff	8.1	6.8	14.9	492,000	2,780,000
Cardiff (Old Shares)	8.1	2.0	10.1	210,000	455,000
Cardiff and Hallamshire	7.7	2.4	10.1	210,000	449,000
Cardiff and Rotherham	8.3	2.1	10.4	161,000	427,000
Cardiff	8.4	3.3	11.7	310,000	1,240,000
Cardiff	6.4	— 0.9	5.5	250,000	410,000
Cardiff City and County	7.0	— 2.4	4.6	250,000	572,000
Cardiff	7.5	3.0	10.5	13,423,000	38,233,000
Cardiff and South Wales District	7.9	— 1.43	— 6.4	*750,000	...
Cardiff	7.5	2.1	9.6	14,173,000	38,233,000

* December, 1878.

It is, probably, unfair to place the loss by the failure of the West of England Bank entirely against the profits of these companies, and, furthermore, in many instances considerable additions should be made to the column giving the "yield in value of principal," representing the value to shareholders of fresh allotments of shares—a value which I have only been able roughly to estimate in two of the most important examples. So that Provincial Banks, as a class, may be taken to have paid the investor upwards of 10 per cent. per annum during the past ten years. It will be seen that in all parts of the country there has been a growth of market values. In the few instances where a partial relapse has occurred special reasons can be assigned, and they do not materially affect the general result.

The results over the entire field of English banking remain to be summarised:—

	Average returns per annum.		
	In dividends.	In principal.	Together.
	%	%	%
London bank shares	7.9	3.9	11.8
Provincial banks	7.5	2.1	9.6
	7.7	2.8	10.5
Bank of England stock.....	4.1	1.4	5.5
	6.3	2.3	8.6

So that in times which have been chequered with prosperity and with severe reverses, the investor in English bank shares has received an average profit exceeding 10½ per cent. Banking is, indeed, shown by these figures to be "a trade profitable far beyond the average of trades."

Strange to say, however, the number of new home banks brought forward during the past ten years to tempt investors has been exceedingly small. Between 1860 and 1870 many such institutions were started and many succumbed, and English banking was by no means so profitable between 1860 and 1870 as it has been since, mainly for the reason

that such new banks were floated and brought an amount of discredit upon similar joint stock enterprise. The passage of the Limited Liability Act of 1862 gave a vast impetus to the introduction of financial and monetary undertakings, and competition became so severe that risks were incurred which, since the lessons of 1866, have been carefully avoided. Some few new banks have appeared within the past year, but they have been simply conversions of previously existing businesses; while amalgamations have tended rather to diminish than to enlarge the number of our home banks. Indeed, such entirely new home banks as have been started during the past ten years have met with small success, and one-half of them have gone into liquidation. The reasons for this apparent restriction of competitors in so lucrative a business are not far to seek. "An old-established bank has a *prestige* which amounts to a 'privileged opportunity;' though no exclusive right is given to it by law, a peculiar power is given to it by public opinion. The business of an old-established bank has the full advantage of being a simple business, and in part the advantage of being a monopoly business. . . . All the banks which pay above 20 per cent., save one, are 25 years old; all those which pay between 15 and 20 are so too. A new bank could not make these profits; in attempting to do so it would simply ruin itself." So wrote the author of "Lombard Street" in 1873, and the reasoning is as perfect now as it was then.

VIII.

SCOTCH AND IRISH BANKING COMPANIES.

It is very difficult to deal justly with Scotch Bank Stocks during the past ten years if they are to be treated as investments. Are the losses incurred by the most disastrous banking failure ever known to be written off from the profits earned by the existing and, as there is every reason to believe, well-managed companies? The stoppage of the City of Glasgow Bank so surprisingly affected the market values of these existing banks that it appears an unnecessary hardship, even upon paper, to make them bear the losses incurred by the fraudulent transactions for which the City of Glasgow Bank directors have been tried and have suffered. Had an inquiry similar to this been instituted only two years ago, a profit exceeding 8 per cent. per annum would have been shown as the average results of investments in Scotch Banking Companies; and although that percentage of profit would have fallen short both of the English and Irish banks, it would have represented no small measure of success. Nearly 3 per cent. per annum

had been added to the market values of Scotch Banks during the eight previous years, and the faith which their Scotch stockholders had acquired in them as investments appeared almost as deeply rooted as ours in the Bank of England. Yet the present quotations are in some existing banks less by £50 to £70 than they were two years ago, partly because that faith has been shaken—trustees especially seeking to avoid “unlimited liability,” and partly because stockholders in the City of Glasgow Bank were compelled to throw their large holdings in the other banks upon the market. Consequently, it cannot be said that the Scotch Companies are as a class higher in price than they were ten years ago. If, however, we deduct the lost market value of the City of Glasgow Bank, the total must be held to be decidedly reduced, and unhappily, the contributories of that institution have lost £5,000,000 beyond the total of that market value. Could it be shown that in their constitution the existing Scotch Banks differed, or even at present differ, from that of the City of Glasgow Bank, it might plausibly be maintained that they should not be classified together in the following tables. But no Scotch Bank has as yet availed itself of the privileges of the Reserved Liability Act of 1879, though some are understood to be limited by charter; most continue to conduct a “foreign” acceptance business; and, in a few instances, their accounts still remain unaudited by independent professional men, though others have set a good example in this respect. They can still make investments in their own stock; several do hold their own stock. It is true that the amounts thus held, when stated in the accounts, do not appear large in proportion to the total capitals of the banks concerned, but the practice is an undesirable one, and should be discontinued.

Some of the banks thus still suffer from being constituted under a system which rendered the City of Glasgow disaster possible, even though doubtless Scotch probity may be trusted never to suffer the miserable experiences of that fraud to be repeated.

Irish Banks were at first less affected than either English or Colonial Companies by the great Scotch failure. But during 1879 they suffered severely, owing to the wide-spread agricultural and commercial distress. Traders in many districts have been much embarrassed by the entire inability of the peasants to liquidate any portion of their indebtedness to them, and this and a general curtailment of business have reduced profits throughout Ireland. Previously, however, Ireland had passed through a marked period of revival, and the benefit had extended itself to all classes of the community. That revival has made itself conspicuous in the position of the two largest Irish Banks. The Bank of Ireland, considering that it is in the nature of a Government security, has paid marvellously well; and the National, which suffered so heavily in the four years following 1865, has now nearly recovered the ground lost when the company was afflicted with the mania for issuing new capital, and declaring capital bonuses, and became involved with Charles Lafitte and the International Contract Company. But these are bygones, and without further preface the figures of the past ten years may be appealed to.

DIVIDENDS, &c., ON SCOTCH AND IRISH BANKS.

	Market Value, Jan., 1870.	Dividends Paid in Each Year.											Market Value, Jan., 1880.
		1870	1871	1872	1873	1874	1875	1876	1877	1878	1879	Total	
		%	%	%	%	%	%	%	%	%	%	%	
SCOTCH BANKS.													
Bank of Scotland	276½	12	12	12	13	14	14	14	14	13	132	*281	
British Linen	268	13	13	13	13	13	13	13	14	13	132	276	
Clydesdale	220	10½	12½	12	14	14	14	16½	14	14	132	203	
Commercial of Scotland.....	232	14	14	14	14	15	15	15	15	14	145	238	
National of Scotland.....	276	13	13	14½	15½	16	16	16	15	15	148½	260	
North of Scotland	8½	9½	10	10	10	10½	12½	12½	13½	13½	12½	114½	10½
Royal of Scotland	175	8	8	8½	8½	9½	9½	9½	9½	9½	90	205	
Union of Scotland	235½	11½	12	12½	14	15	15	14	13	13½	132½	203½	
City of Glasgow	186	8½	9	9½	10	10	11	11	11½	6	fld.	86½	...
IRISH BANKS													
Bank of Ireland	231	9	10½	11½	13½	12	13	12	11½	12	10½	115½	300
Belfast (old shares)	113½	24	28	28	28	28	20	20	20	20	20	236	100
Hibernian	40½	9	9	10	12	12	12	11½	12	11	9	107½	45
National	35½	6½	7½	9	10	10½	11	12	12	12	11	101½	60½
Northern of Ireland (old)	91½	16½	16½	16½	16½	16½	15	15	15	15	15	159½	68½
Provinc. of Ireland (old)	89	20	20	20	20	20	18	16½	15	15	15	179½	69½
Ulster	10½	20	20	20	20	20	20	20	20	20	20	200	†11

* £3 to be added to Bank of Scotland price for profit on new issue.

† 1½ to be added to Ulster price for profit on new issue.

It is well worthy of remark in how small a degree the dividends of the Scotch banks have fluctuated. They gradually improved (even that of the City of Glasgow Bank) until 1878; while in 1879, on the other hand, there was generally a small reduction, the exceptions being the National of Scotland and the Royal. Such reductions were natural enough, having regard to the severity of the crisis in Scotland, and to the liabilities entered into in respect to the note issues of the City of Glasgow, and, for the time being, of the Caledonian banks.

With the exception of the Ulster Banking Company, the Irish dividends have varied more considerably, and in three instances the dividends are smaller at the close of the decade than at its commencement. These three, be it remarked, are, together with the Bank of Ireland, all banks

which do not publish their balance-sheets, and the accounts of which, therefore, are never submitted to public analysis. The following is a summary of the above particulars :—

RETURN ON SCOTCH AND IRISH BANKS.

	Yield in Dividend per Cent. per Annum.	Yield in Value of Principal per Cent. per Annum.	Together per Cent. per Annum.	Present Amount of Stock.	Present Market Value of the Principal.
SCOTCH BANKS.					
Bank of Scotland.....	4·8	0·4	5·2	1,250,000	3,512,000
British Linen.....	4·9	0·3	5·2	1,000,000	2,760,000
Clydesdale.....	6·0	— 0·8	5·2	1,000,000	2,080,000
Commercial of Scotland.....	5·1	— 1·6	3·5	1,000,000	2,380,000
National of Scotland.....	5·4	— 0·5	4·9	1,000,000	2,600,000
North of Scotland.....	5·4	2·0	7·4	385,000	699,000
Royal of Scotland.....	5·1	1·7	6·8	2,000,000	4,100,000
Union of Scotland.....	5·6	— 1·5	4·1	1,000,000	2,085,000
City of Glasgow					
	5·15	— 25	5·4	8,645,000	20,416,000
	4·6	— 42·0*	— 37·4	870,000	...
	5·2	— 3·7	1·5	9,515,000	20,416,000
IRISH BANKS.					
Bank of Ireland.....	5·0	3·0	8·0	3,000,000	9,000,000
Belfast.....	5·2	— 1·1	4·1	125,000	500,000
Hibernian.....	6·6	1·1	7·7	500,000	900,000
National.....	8·7	7·0	15·7	1,500,000	3,015,000
Northern of Ireland.....	5·2	— 2·5	2·7	150,000	343,000
Provincial of Ireland.....	5·0	— 2·2	2·8	500,000	1,390,000
Ulster.....	4·9	2·4	7·3	300,000	1,320,000
	6·0	3·1	9·1	6,075,000	16,467,000

* Representing the loss of market value, January, 1870, plus £5,000,000 of additional liabilities.

The existing Scotch Banks have, therefore, yielded their shareholders of ten years' standing nearly $5\frac{1}{4}$ per cent. per annum, of which all but $\frac{1}{4}$ per cent. has been in dividends. Including the City of Glasgow Bank, there has been an average loss of $3\frac{1}{4}$ per cent. per annum in the principal, making 37 per cent. of the entire market value of Scotch Bank stocks ten years ago; but as the dividends have averaged nearly $5\frac{1}{4}$ per cent. per annum, the net amount realised has been about $1\frac{1}{4}$ per cent. On the other hand,

the Irish Banks have paid upwards of 9 per cent., of which two-thirds represent dividends, and one-third the augmented value of the principal.

This is not an occasion upon which it will be possible to discuss the peculiar constitution of either Scotch or Irish Banking Companies. Even the "profit and loss account" of the one-pound note plan has on so many occasions received full consideration, that much further discussion of the matter would be useless. Both the Scotch and Irish systems undoubtedly involve a heavy expenditure, a considerable proportion of which cannot be directly profitable. The restrictions under which their notes are issued prevent any very appreciable profit upon them; while as the branches of the Irish Banks average more than fifty each, and those of the Scotch Banks are not far short of one hundred each, these facilities—afforded to almost every village in the two countries—are in their nature costly. This matter is concisely referred to by Mr. Inglis Palgrave in his "Notes on Banking":—

"The large number of branches must, however, be a cause of great expense, and in several other respects it is obvious that a business carried on in such thinly peopled districts as are found in many parts of Scotland, must be conducted to a disadvantage in comparison with those banks which deal with more active centres of commerce. Although the profit derived from their large issues of notes may be considerable, yet, when we consider the many expenses incurred in conducting a large note circulation, the cost of printing, stamp duty, and the charges on importing gold from London when the circulation exceeds the limit fixed by the Act of 1845, no small deductions must be made from the apparent profit to be derived from this head."

Most of the Scotch Banks have sought to add to their profits by the establishment of London offices, and it is



understood that these offshoots are fairly profitable. But they are not to be classed amongst ordinary branches of the present establishments, and the blending of the two systems of banking would not unnaturally produce some friction. There are certain measures, however, which would undoubtedly make both Scotch and Irish Banks more acceptable to investors, not perhaps in London, but in Edinburgh or Glasgow, Dublin or Belfast. In the first place, it is very desirable that they should be registered as limited or better still as "reserved liability" companies. Objections have been raised to the Act of 1879, mainly because the conversion was not rendered compulsory upon all Banks, and because directors are frightened lest the the word "limited" should scare away their customers. In this they are mistaken, for those customers would be far more gratified by an improvement in market values following the registration than by the addition of a word which has become thoroughly acclimatised amongst them. There is nothing more strange in the sound of the British Linen Company, Limited, the Clydesdale Banking Company, Limited, or the Provincial Bank of Ireland, Limited, than in the London and Westminster Bank, Limited, or the London and County Banking Company, Limited, conversions which have been so well received here and in the provinces. Such a limitation should settle the question of independent audits, which are still denied in various instances. These audits afford an assurance both to the shareholders and customers of a bank; and although at a recent Scotch Bank meeting the shareholders, to show their trust in their directors, did not accept the offer of such an audit, it would have been wiser had the Board persisted in attaching an independent voucher to the



accounts. Further, it is a most objectionable feature that a Bank should be allowed to buy and sell its own stock, and there can be little doubt that the quotation of the City of Glasgow Bank was supported at the last mainly by the bank itself buying up all the stock thrown upon the market. Finally, as regards the Irish companies, the absence of published accounts in the instances of the Bank of Ireland, Belfast Banking Company, Northern Bank of Ireland, and Provincial Bank of Ireland, is a state of affairs wholly out of keeping with the spirit of the age; and it is as well to be reminded that of the Irish Companies the three last-named banks have paid the least percentage of profit to their shareholders during the past ten years. As regards the future, we shall doubtless find when these safeguards are applied, as sooner or later they will be, that these companies will yield their Scotch and Irish shareholders a good return upon their purchases.

IX.

COLONIAL BANKS.

It must be admitted that, with the exception of Indian, Colonial Banks have been exceedingly profitable during the past ten years. Our colonies have thriven well; and the banks have thriven with them, they having thoroughly identified themselves with the progress which has happily been displayed in all English-speaking communities. Canadian Banks have, perhaps, not fared so prosperously as those of Australia and New Zealand. But as an instance of marvellous progress during the decade, the growth of the Standard Bank of British South Africa stands out first amongst all the varied investments dealt with in these pages. It will scarcely be credited that a purchaser of shares in this bank in January, 1870, has since realised 50 per cent. per annum upon his holding. Yet such is an absolute fact. This bank was established in 1862, and during the panic of 1866 fell, as all new banks did, to a serious discount. In January, 1870, it will be seen, the shares, with

£25 paid, were quoted at £12, although the company was at that time earning and paying small dividends. But the area and trade of Cape Colony has since greatly increased; and the discovery of the diamond fields gave South Africa a start which frontier wars have not been able to check. British South Africa is more than twice the size it was in 1870, with twice the English-speaking population; and the shares of the Standard Bank are no longer valued at £12, but at upwards of £40* in market estimation. Here then is shown a rise of 250 per cent. on the ten years, equal to 25 per cent. per annum. The profit realised upon the issues of new capital at par has been equal to another £6 a share, or 5 per cent. per annum. The dividends have at the same time grown steadily from 4 per cent. to 14 per cent., and in 1880 they bid fair to be 16 per cent., or upwards of 32 per cent. on the purchase price of ten years back; while over the ten years the investor has actually received an average of 20 per cent. in cash dividends upon the £12 his shares were worth in 1870. I have not deemed it advisable hitherto to refer specially to any particular security, nor do I do so now with a view to induce investments therein, but it has been desirable to explain that as British South Africa has grown more in proportion than any other colony during the past ten years, we have a good and sufficient reason for the growth of the most representative bank in the colony; and indeed, it may be laid down almost as an axiom that a well-managed bank in a growing colony will find its business grow in similar proportions. In the next ten years it will be the banks of the most growing colony, whichever that

* In July, 1880, they had considerably exceeded £50.

may be, which will transact the most expanding business. The following statement is certainly encouraging :—

COLONIAL BANK DIVIDENDS AND MARKET PRICES.

	Market Price, Jan., 1870.	Dividends Paid in Each Year.											Market Price, Jan., 1880.
		1870	1871	1872	1873	1874	1875	1876	1877	1878	1879	Total	
Bank of Australasia	51	% 10	% 9	% 9	% 10	% 11	% 12½	% 12½	% 12½	% 12½	% 12½	% 111½	73
Bank of British North America	52	7	7½	8	10	10	10	9	5½	5	5	77	53
Bank of New South Wales	39	15	10	11½	13½	17½	17½	17½	17½	15	15	155	55
Bank of New Zealand	18	15	15	15	12½	13½	15	15	15	15	15	146½	22*
Bank of South Australia	33	10	10	10	10	10	10	10	10	11	10	101	38*
Bank of Victoria	38	10	10	10	10	10	12	12	12	12	10	110	36
Colonial	52	15	16	15	15	15	15	15	13	14	12	145	54
English, Scottish, and Australian Chartered ...	17½	7	7	7	7	7½	8	8	8	8	8	75½	22
London Chartered of Australia	23	9	8	8	8	8½	9	8	8	9	7½	83	23½
National of Australasia ...	6½	11½	9	10	10	11	12	12	12½	12½	12½	113	7
National of New Zealand (1872)	3½	...	...	...	...	...	6	6	6	6	6	30	3½
Standard of British South Africa	12	4	4½	6½	10	10	10	12	13	12	14	96	41½*
Union of Australia	47	13½	12½	13	13	14	16	16	16	16	16	146	60

* £5 to be added to Bank of New Zealand price, £2 to Bank of South Australia, £6 to Standard of British South Africa—for profits on new issues. National of Australasia and Union of Australia also made new issues.

As a rule, Australian dividends have been quietly increased, while material additions have also been made to reserve funds; but the two Canadian Banks on the list suffered in common with most other Canadian Companies in 1878 to 1879, so that their dividends are lower at the end than at the commencement of the decade, and market values have scarcely increased.

In summarising the foregoing dividends and market values, it will be found that the average dividends paid have realised to the investor 8½ per cent. per annum, and that his gain in principal has reached 4½ per cent. per annum, making together not less than 12½ per cent. as the yearly return upon his holding.

RETURN ON COLONIAL BANKS.

	Yield in Dividend per Cent. per Annum.	Yield in Value of Principal per Cent. per Annum.	Together per Cent. per Annum.	Present Amount of Paid-up Capital.	Present Market Value of the Principal.
				£	£
Bank of Australasia	8·7	4·3	13·0	1,200,000	2,180,000
Bank of British North America	7·4	0·2	7·6	1,000,000	1,060,000
Bank of New South Wales..	7·8	4·1	11·9	1,000,000	2,750,000
Bank of New Zealand	7·0	5·0	12·0	1,000,000	2,200,000
Bank of South Australia	7·6	2·1	9·7	800,000	1,216,000
Bank of Victoria	7·2	—0·5	6·7	500,000	720,000
Colonial English, Scottish, and Aus- tralian	6·9	0·4	7·3	600,000	1,080,000
London Chartered of Aus- tralia	8·6	2·6	11·2	720,000	792,000
National of Australasia	7·2	0·2	7·4	1,000,000	1,175,000
National of New Zealand (1872)	6·6	0·4	7·0	800,000	1,400,000
Standard of British South Africa	6·0	—0·9	5·3	350,000	825,000
Union of Australia	20·0	29·6	49·6	850,000	1,411,000
	7·7	2·7	10·4	1,500,000	3,600,000
	8·4	4·3	12·7	11,320,000	19,919,000

It will not be necessary here to discuss the system adopted by many Australian Companies, whereby they became Land-Mortgage as well as Banking Companies. Their advances on land have been much curtailed since the failure of the City of Glasgow Bank by transfers to Land-Mortgage Companies, and very wisely, for however safe such a business when carefully selected may be, it may easily involve a lock-up for the time being—a risk which no Bank has a right to run, even if much of their deposits are taken for longer periods than is usual amongst English Banks and Discount houses.

To the depreciation in silver, even more than to depression in trade, must the poor results realised by Indian Bank shareholders be attributed. In January, 1870, silver stood at 60½d. per oz., while in December last it was 52½d., a fall of 14 per cent. So that there has been an average yearly depreciation in the Indian Securities in

which these Banks deal of nearly $1\frac{1}{2}$ per cent., although their capital, and no inconsiderable proportion of their resources, have been obtained here, and therefore upon the basis of a gold standard. Added to this, the heavy failures amongst Eastern shipping merchants during recent years—failures which for some time must have been foreseen by those connected with the trade—and the falling off in dividends and prices recorded below will be readily explained:

INDIAN BANK DIVIDENDS AND MARKET PRICES.

	Market Price, Jan., 1870.	Dividends Paid in Each Year.											Market Price, Jan., 1880.
		1870	1871	1872	1873	1874	1875	1876	1877	1878	1879	Total.	
Agra	11	% 3 $\frac{1}{2}$	% 3 $\frac{1}{2}$	% 4	% 2 $\frac{1}{2}$	% 5	% 5	% 5	% 5 $\frac{1}{2}$	% 6	% 5	% 4 $\frac{1}{2}$	9 $\frac{1}{2}$
Chartered of India, Australia, and China	17 $\frac{1}{2}$	3	nil.	nil.	3 $\frac{1}{2}$	5	5	5	6 $\frac{1}{2}$	6	5	39 $\frac{1}{2}$	22
Chartered Mercantile of India, London, and China	32 $\frac{1}{2}$	8	5	8	6	8	6	8	8	7	2	66	32
Oriental	42	12	12	12	12	12	12	10	10	10	2	104	32

The Oriental Bank Corporation also sustained a heavy loss upon a holding of Chilian Bonds, which it should never have possessed; and the Chartered Mercantile at one time held an exceptionally large amount of silver bullion. The results of such holdings may be seen in the following percentages of profit :—

RETURN ON INDIAN BANKS.

	Yield in Dividend per Cent. per Annum	Yield in Principal per Cent. per Annum.	Together per Cent. per Annum.	Present Amount of Paid-up Capital.	Present Market Value of the Principal.
Agra	4.1	— 1.1	3.0	£ 1,000,000	£ 975,000
Chartered of India, Australia, and China	4.6	2.8	7.4	800,000	880,000
Chartered Mercantile of India	5.1	— 3.2	1.9	750,000	680,000
Oriental	6.2	— 4.8	1.4	1,500,000	1,330,000
	5.1	— 2.0	3.1	4,050,000	3,835,000

India, though an old-world country, and not a colony strictly speaking, possesses great power of steady development, because its enlightened Government and facilities of intercourse are young. Consequently, there is much reason why Banking, conducted in the currency of the country, should be increasingly profitable. Such, indeed, is the case; but where Banks have to render their accounts in sterling, while conducting their business in rupees, there cannot fail to be heavy fluctuations in the results obtained, quite apart from the operations of careful and, in reality, successful banking. Of course, a rise in silver would tend to enhance their gains, as a fall in silver diminishes them; but it is doubtful whether it would not be advisable to render their accounts in rupees, instead of in a currency alien to the country in which their business lies.

X.

FOREIGN BANKS.

It will be unnecessary to treat the subject of foreign banking at any great length. Our principal joint-stock undertakings of this class carry on operations in the East of Europe and in South America, and their transactions largely consist of exchanges and remittances between different countries. It may be judged from the statistics appended that they have not been so profitable as either home or colonial banking companies, and they have consequently as a whole lost ground in market estimation.

FOREIGN BANK DIVIDENDS AND MARKET PRICES.

	Market Price, Jan., 1870.	Dividends paid in each Year.										Market Price, Jan., 1880.
		1870	1871	1872	1873	1874	1875	1876	1877	1878	1879	
		%	%	%	%	%	%	%	%	%	%	
Anglo-Austrian	26½	35½	15	27½	24	5	5½	nil.	nil.	4½	5	122
Anglo-Egyptian*	22½	12½	10	20	18	20	15	10	2½	7½	7½	123
Bank of Egypt	40	14	19	21½	20	16	16	14	10	5½	5	141
Bank of Roumania	8½	...	8½	12½	8	5	9½	5	nil.	7½	15	70½
English Bank of Rio	10½	8	10	10	12½	10	10	10	10	7	6	93½
Imperial Ottoman†	12½	13	10	13½	14	10	16	5	nil.	nil.	nil.	81½
Ionian	19½	8	8	8	8	8	8	8	8	8	7	79
London and San Francisco	13	10	10	13	12	9	7	8	8	8	6	91
London and River Plate	12½	12½	10	11	11	12½	10	4	6½	8	8	93½
New London and Brazilian (1872)	8½	...	...	...	5½	6	6	5	6	6	6	40½
Hongkong and Shanghai	38	12	10	12	12	10	nil.	6½	7½	7½	7½	83½

* In 1872, this bank issued 20,000 new shares at 10 prem.

† In 1874, there were 297,500 new shares issued at par.

As a rule, their dividends have fluctuated in an extraordinary degree, and such distributions were generally much larger in 1870 than in 1879. Aided by those high payments in the earlier years of the decade, they have, on the average, returned $7\frac{1}{2}$ per cent. per annum in cash dividends, from which there has to be deducted $1\frac{1}{2}$ per cent. for loss of principal.

RETURN ON FOREIGN BANKS.

	Yield in Dividend per Cent. per Annum.	Yield in Value of Principal per Cent. per Annum.	Together per Cent. per Annum.	Present Amount of paid-up Capital.	Present Market Value of the Principal.
				£	£
Anglo-Austrian	50	- 52	- 2	1,800,000	1,872,000
Anglo-Egyptian	110	...	110	1,600,000	1,840,000
Bank of Egypt	88	- 20	68	250,000	320,000
Bank of Roumania	66	44	110	400,000	624,000
English Bank of Rio Janeiro	89	- 02	87	500,000	512,000
Imperial Ottoman	63	- 13	50	500,000	550,000
Ionian	161	03	164	150,000	120,000
London and San Francisco..	70	- 29	41	600,000	555,000
London and River Plate ...	74	- 10	64	600,000	675,000
New London and Brazilian...	68	07	75	450,000	405,000
Hong Kong and Shanghai...	62	- 03	59	1,125,000	1,474,000
	72	- 11	61	7,975,000	8,947,000

Within the last few years some Anglo-German banks have been started under apparently favourable auspices, but the bulk of the "banking business" between this country and Western Europe is in private hands. This is not what in England we are accustomed to consider ordinary banking business. Amongst English banks the deposits reach nearly six times the amount of the paid-up capital; in Scotland they exceed seven times the paid-up capital; amongst our colonial banks they approach $4\frac{1}{2}$ times the paid-up capital; while, as a rule, the capital of a foreign bank actually exceeds its deposits. There are some exceptions, more particularly where the deposits are drawn from

London and are employed abroad. But the great bulk of their operations consist of agencies and remittances, and often in trading upon their own credit rather than with the money of other people. European banks, more especially, commit themselves to syndicate operations, acting the part of promoters and loan contractors, and are thus more in the nature of financial than banking houses. Consequently, the years when there exists a mania for foreign loans and foreign enterprises are found to be the most profitable years for foreign banks. Hitherto, their one great advantage over the more profitable home banks has been the entire limitation of their liability, much of their capital consisting of "shares to bearer."

SUMMARY OF INVESTMENTS IN BANK SHARES.

	Average Annual Return.		
	Yield in Dividends, per Cent. per Annum.	Market Value of Principal per Cent. per Annum.	Together, per Cent. per Annum.
Bank of England	4.1	1.4	5.5
London Banks	7.9	3.9	11.8
Provincial Banks	7.5	2.1	9.6
Scotch Banks	5.2	3.7	1.5
Irish Banks	6.0	3.1	9.1
	6.1	1.3	7.4
Banks having London Offices:—			
Indian Banks	5.1	—2.0*	3.1
Colonial Banks	8.4	4.3†	12.7
Foreign Banks	7.2	—1.1	6.1

* Depreciated owing to the fall in silver.

† This advance, it should be noted, appears exceptionally large, but is due to the rapid growth of our colonies during the decade.

XI.

LONDON DISCOUNT COMPANIES.

WHY the London Discount Companies have not over so long a period as ten years fared as well as the London Banks requires explanation. These companies have all of them yielded a moderate profit to their shareholders; but it cannot be said that at the end of the decade market values have increased; and there is something, as this Inquiry has already shown, unusual in well-established undertakings making no progress during the past decade. It will be seen from the following record that the dividends were smaller in 1879 than in 1870, and that in two instances the prices were actually lower, while the slight rise in the third company on the list is neutralised by doubling the capital in the interim by shares issued at £7 each:—

DIVIDENDS AND MARKET PRICES OF DISCOUNT HOUSES.

	Market Prices, Jan., 1870.	Dividends Paid in Each Year										Market Prices, Jan., 1880.	
		1870	1871	1872	1873	1874	1875	1876	1877	1878	1879		Total.
		%	%	%	%	%	%	%	%	%	%	%	
General Credit and Dis- count	7	5	5	5	7	6	10	5	5	5	4	57	5 1/2
National Discount.....	11 1/2	16 1/2	17 1/2	18	13	15 1/2	11 1/2	10	10	11	11	133 1/2	11
United Discount.....	4 1/2	6 1/2	7 1/2	9 1/2	6	6	5 1/2	6 1/2	7 1/2	7 1/2	2 1/2	65	5 *

* United Discount in 1872 issued 25,000 shares at £1 prem.

The National Discount Company's and the General Credit Company's dividends relapsed after 1875, that year being memorable for the Collie failures; and both General Credit

and United Discount dividends were lower in 1879, partly because there were very few bills to discount, and those had to be taken at rates scarcely above the interest allowed on deposits, and further because each of these companies had a considerable sum locked up in the City of Glasgow Bank acceptances—namely, United Discount, £219,000; National Discount, £156,000; and General Credit, £47,436. These sums have now been repaid to them without interest. The return to the shareholders is indicated below:—

RETURN ON DISCOUNT COMPANIES' SHARES.

	Yield in Dividend per Cent. per Annum.	Yield in Value of Principal per Cent. per Annum.	Together per Cent. per Annum.	Present Amount of Paid-up Capital.	Present Market Value of the Principal.
General Credit and Discount	62	-1·6	4·6	£ 1,500,000	£ 1,160,000
National Discount	58	-0·5	5·3	850,000	1,870,000
United Discount	86	...	8·6	300,000	250,000
	68	-1·0	5·8	2,650,000	3,280,000

The falling off in the dividends after 1875 and 1878 indicates in some degree why discount companies have not held their own in the latter half of the decade. But in addition to this, the competition existing between the private and joint stock discount companies is far keener than between private and joint-stock banking companies. A discount company obtains the great bulk of its business by bidding for bills at low rates, while a bank has a much larger proportion of regular customers, who never dream of taking their business anywhere else. At the same time, a discount company has to pay interest upon the whole of its deposits, whereas the banks of the present day obtain very large available balances from "current accounts" upon which no interest is payable. On the other hand, a discount com-

pany requires a far smaller establishment, can be worked cheaply, and can very often choose its opportunity for expanding or contracting its operations. Nevertheless, during the past two years these companies have found that the marginal line between deposit allowances and discount rates so finely drawn that they have on many occasions been compelled independently to lower those allowances. Another drawback under which they labour is the fact that a goodly proportion of their money is lent to them by country or London banks, and the result is that in times of pressure—which are also the most profitable times for this class of business—they are called upon to refund a portion of their working resources. This was the case in the latter part of 1878. There is no necessity to refer to the great discount failure of 1866, for it occurred before the period which is under consideration; but it would almost appear that this class of business is better adapted to the energies of the quick-witted bill-broker than to the joint-stock company. Mr. William Newmarch has estimated that seven-tenths of this class of business is in the hands of about five-and-twenty private firms; and although the three companies on our list have now firmly established themselves, and may doubtless again pass through periods as profitable as from 1871 to 1874, their number shows no signs of increasing. The business of the banker has been described as a steady routine, and, therefore, thoroughly adapted to joint-stock enterprise; but that of the Discount House requires more rapidity of action, a more thorough appreciation of the signs on the monetary horizon. A bill-broker in the Money Market is not unlike a jobber in the Stock Exchange—and who could imagine the operations of a jobber performed by a joint-stock enterprise?



XII.

INSURANCE COMPANIES.

OF all the classes of Securities with which we have dealt for the purposes of this inquiry, none have been so profitable to investors during the past ten years as our Old Fire and Life Offices. What has been said respecting the "privileged opportunities" of the long-established Banks applies with equal, if not stronger, force to Insurance Companies, and at the present day it would appear that a new Insurance Company has practically no chance of competing for business with offices which through more than half a century—and some of them are much older establishments—have collected accumulated funds measured by millions sterling, invested for the greater part in solid Securities. Theoretically, as well as practically, an established insurance company is exceptionally constituted for the conduct of a safe and profitable business. A comparatively easy routine is alone required, a moderately careful selection of risks, a moderately careful selection of investments for the ever-accruing balances. Business once secured cannot be lost—the premiums coming in are a certain quantity for

years to come, and a "run" upon an insurance company is out of the question.

Bearing all these matters in mind, we cannot be surprised at the results which the following figures disclose.

FIRE AND LIFE INSURANCE COMPANIES' DIVIDENDS, &c.

	Market Price, Jan., 1870.	Dividends Paid in Each Year.											Market Price, Jan., 1880.
		1870	1871	1872	1873	1874	1875	1876	1877	1878	1879	Total.	
	£	%	%	%	%	%	%	%	%	%	%	%	£
Alliance British and Foreign	11½	7½	7½	10	10	11½	10	10	10	10	13½	101½	28½
Caledonian	49	22	23	27½	27½	27½	27½	32½	73½	35	328½	78½	78½
Commercial Union	6	7½	7½	12½	12½	12½	12½	15	15	20	127½	19½	19½
Guardian	51½	9½	5	6	6	6	10	7	7½	6½	6½	70	68½
Imperial Fire	76	20	20	20	20	20	20	24	28	28	228	151	151
Lancashire	3	10	12½	12½	12½	12½	20	20	15	20	21½	156½	7½
Life Association of Scotland	29½	9½	9½	11	11	11	11	13	15	15	15	121	28
Liverpool, London, and Globe	8½	30	30	10	nil	12½	12½	30	30	35	40	230	15½
London and Lancashire	1½	nil	nil	nil	2½	6	3	nil	nil	7	8	26½	6½
London	49½	20	22	24	24	25	25	24	24	24	24	236	62
North British and Mercantile	33	16	30	20	20	22	26	38	31	28	23	254	44½
Northern	14½	14	24	17	22	20	25	20	35	42½	50	269½	40
Phoenix*	140	12½	9½	9½	9½	10½	12½	18½	21½	18½	21½	139½	305
Queen	1	10	10	10	10	12½	12½	12½	15	12½	15	120	3½
Rock	8	75	77½	80	80	80	80	80	80	82½	85	800	8½
Royal Exchange	318	25	20	20	20	20	20	20	20	20	20	205	406
Royal	6½	11½	11½	13½	13½	16½	25	25	30	30	33½	210	23½
Scottish Union	2½	12½	14	14	14	14	14	14½	15	15	15	142	3½
Standard Life	67½	25	27	29½	29½	29½	29½	29½	29½	29½	29½	285½	71
Union	280	72½	72½	72½	75	77½	82½	82½	82½	90	90	797½	355
Sun Fire*	175	6½	14½	14½	17½	17½	20½	20½	24½	25½	23½	182½	450
Sun Life*	70	4½	4½	4½	13½	50	50	50	50	14½	52	51½	80

* Dividends per share.

In some instances it will be found that the quinquennial or other periodical bonuses have suddenly inflated the dividends, while in others may be noted the effect of an over-disastrous fire like that at Chicago. But it has, as a rule, been the experience of our leading offices that such a wholesale conflagration has proved in the end a very good advertisement, and the Chicago fire brought them a con-

siderable accession of American business. As a rule, the dividends have quietly and steadily increased, and market prices advanced in practically every instance, in some instances enormously advanced.

RETURN ON FIRE AND LIFE INSURANCE COMPANIES.

	Yield in Dividend per Cent. per Annum.	Yield in Value of Principal per Cent. per Annum.	Together per Cent. per Annum.	Present Amount of Paid-up Capital.	Present Market Value of the Principal.
				£	£
Alliance, British & Foreign.	8.3	15.6	23.9	550,000	1,425,000
Caledonian.....	6.7	5.9	12.6	31,000	242,000
Commercial Union.....	10.6	22.9	33.5	250,000	937,000
Guardian.....	6.8	3.3	10.1	1,000,000	1,370,000
Imperial Fire.....	7.5	10.0	17.5	300,000	1,812,000
Lancashire.....	10.4	15.8	26.2	200,000	775,000
Life Association of Scotland	4.6	-0.6	4.0	87,000	280,000
Liverpool and London and Globe.....	5.5	8.9	14.4	392,000	2,948,000
London Lancashire & Fire..	4.8	36.4	41.2	150,000	382,000
London.....	6.0	2.5	8.5	450,000	2,223,000
North British & Mercantile	6.7	3.5	10.2	350,000	1,780,000
Northern.....	9.5	18.3	27.8	150,000	1,200,000
Phoenix.....	10.0	11.8	21.8	72,000	2,050,000
Queen.....	12.0	23.1	35.1	200,000	662,000
Rock.....	5.0	0.1	5.1	100,000	1,625,000
Royal Exchange.....	6.5	2.8	9.3	689,000	2,791,000
Royal.....	10.3	27.7	38.0	300,000	2,312,000
Scottish Union.....	4.9	1.5	6.4	207,000	637,000
Standard Life.....	5.1	0.5	5.6	120,000	710,000
Union.....	5.7	2.7	8.4	30,000	532,000
Sun Fire.....	10.4	15.6	26.0	*480,000	2,160,000
Sun Life.....	7.4	1.4	8.8	48,000	334,000
	7.4	9.4	16.8	6,156,000	29,237,000

* Sun Fire 4,800 shares amount paid up not known, treated for purposes of this comparison as 100l stock.

What is the most striking in this table is the rapidity with which most of the shares named have increased in market estimation. The Commercial Union has advanced from £6 to £19½ on the ten years, or 229 per cent.; the Lancashire from £3 to £7½, or 158 per cent.; the Northern from £14 to £40, or 185 per cent.; the Queen from £1 to £3½, or 231 per cent.; the Royal from £6½ to £23½, or 277 per cent.; and the Sun Fire from £175 to £450, or 156 per

cent. These are exceptional instances, but taken as a class, the companies which had secured a safe existence ten years ago have since then risen in market estimation at a pace not far from short of 10 per cent. per annum; while the cash dividends have in addition yielded another $7\frac{1}{4}$ per cent. per annum. That these are enormous rates of profit all must admit. Nevertheless, side by side with them should be placed the fact that of the new insurance companies brought out during the past ten years, the greater portion have either ceased to exist already or have carried on but a nominal business. Yet in not a few of the most prosperous companies, facts are hidden which the public ought to know. So conservative are some of the old offices, that we have known instances where year after year they have permitted false statements to appear in print, when an answer to one of the many applications made to them for information would have not only corrected the error, but have shown the companies to be far more prosperous. It is possible that in some cases it is thought that to tell part may necessitate the telling of all; and that if the public knew how profitable they really were, and how well their officials were remunerated for their services, competition would increase. If this feeling should predominate in certain directions it is unwise; for it may be laid down as an axiom that the more these companies can impress the insuring public with a sense of their wealth and prosperity, the more new business will they attract. Let their profits and investments be thoroughly known, and in the great majority of instances good, instead of harm, will follow. These remarks, of course, now apply more to the fire than to the life offices, the latter, since the passing of the Act of 1870, having been compelled to make a return of assets and

liabilities annually to the Board of Trade. Many of the old companies are no longer in a position to require a paid-up capital at all, and a "reserved liability" is all which need be maintained in addition to their accumulated funds. There is no reason why these companies should not be registered under the reserved-liability Act of 1879, and there are many reasons in favour of it.

Whether in the future the shareholders dare hope that these undertakings will continue to grow in any such proportions as in the past ten years, it would be very unwise to predict, but there is much to be urged in favour of an established routine of this description. It is possible, if not probable, that some abatement of the premiums charged to insurers may be found to be necessary, an abatement which the figures before us show might readily be granted. Otherwise, powerful combinations might in course of time be started which would break down what at the present appears to be an admitted, but a self-constituted, monopoly.

The Marine Insurance companies are more open to competition, and rather less of an established routine. A good underwriter is required to be a clever and energetic specialist, and as the insurances effected are for much shorter periods than in fire or life offices, and involve far heavier amounts, competition is inevitably keener, and there is more "new business" always on the market. Hence, new companies may more readily be established; and, indeed, any moderately influential clique of shippers may bring an undertaking of this kind into existence. Many have done so within the past ten years, and a smaller percentage have ceased to exist, while some have risen rapidly in market value.

MARINE INSURANCE DIVIDENDS AND MARKET PRICES.

	Market Price, Jan., 1870.	Dividends Paid in Each Year.											Market Price, Jan., 1880.
		1870	1871	1872	1873	1874	1875	1876	1877	1878	1879	Total.	
		%	%	%	%	%	%	%	%	%	%	%	
Alliance.....	22½	5	4	4½	5	5	nil	nil	3	3	nil	29½	29
British and Foreign.....	11	20	17½	22½	20	15	15	17½	25	25	25	202½	17½
Home and Colonial.....	3	5	6	6	6	6	3	nil	nil	nil	nil	32	5½
Indemnity.....	120½	21	21	19	19	19	15	15	15	15	15	174	97
London and Provincial.....	2	10	10	20	20	12½	10	10	10	15	15	132½	4½
Maritime.....	2	10	10	17½	20	12½	10	10	15	15	15	135	5½
Ocean.....	19½	30	30	30	25	5	5	5	5	7½	7½	150	8
Thames and Mersey.....	4	20	25	25	25	25	15	20	25	25	25	230	8½
Union Marine.....	10½	12½	15	15	15	5	5	10	10	10	12½	110	9
Universal Marine.....	9½	10	15	15	15	15	10	10	10	10	10	120	10½

Large profits have, it will be seen, been realised by some of these companies, while others have actually lost ground during the ten years. The dividends have also fluctuated more considerably. Altogether, they have been fairly profitable, as the following percentages indicate:—

RETURN ON MARINE INSURANCE SHARES.

	Yield in Dividend per Cent. per Annum.	Yield in Principal per Cent. per Annum.	Together per Cent. per Annum.	Present Amount of Paid-up Capital.	Present Market Value of the Principal.
				£	£
Alliance.....	3·2	2·8	6·0	250,000	290,000
British and Foreign.....	7·2	5·8	13·0	200,000	888,000
Home and Colonial.....	4·6	— 8·0	— 3·4	100,000	14,000
Indemnity.....	7·2	— 1·9	5·3	673,000	1,305,000
London and Provincial.....	13·2	11·2	24·4	100,000	212,000
Maritime.....	11·3	13·1	24·4	99,000	272,000
Ocean.....	3·9	— 5·8	— 1·9	200,000	320,000
Thames and Mersey.....	9·4	7·9	17·3	200,000	875,000
Union Marine.....	5·1	— 1·5	3·6	202,000	364,000
Universal Marine.....	6·3	0·8	7·1	250,000	512,000
	6·7	1·1	7·8	2,274,000	5,052,000

XIII.

GAS AND WATER PROPERTIES.

THERE is an increasing desire on the part of municipalities to purchase and control their supplies of water and gas. During the past ten years numerous such purchases have been effected, and always, from a market standpoint, to the profit of the shareholder. If a municipality agree to give the shareholders of a gas company their existing dividends—and it can scarcely be expected that the shareholders would accept a reduction—there must of necessity be a rise in market value, because the guarantee of a city is worth relatively more than the earnings of a company. These purchases, however, can be most advantageously effected when the shareholders are receiving their maximum dividends; for otherwise they may with some show of reason demand expanding dividends or “deferred stock,” as in the case of most of the London water companies, only one of which is as yet paying its maximum rate of dividend. Certainly, the Metropolitan Board of Works could create a “Metropolitan Gas Trust” upon apparently less onerous terms than a “Water Trust,” because in the

of the gas companies the maximum dividends are ready paid, and the companies are in reality earning profits in addition which they cannot divide. The recently-established sliding scale to some extent complicates the position of gas stockholders, but a small percentage of increased payment would cover the difference. If left to themselves, both home gas and home water companies must be included amongst improving properties, for Parliament granted to them rights which cannot arbitrarily be taken away from them; and though gas companies have recently suffered severely because of the electric-light patents, there really seems small prospect of rivalry either on the score of cheapness or convenience.

These few remarks are a sufficient preface to the following tables:—

LEADING GAS COMPANIES' DIVIDENDS AND MARKET PRICES.

	Market Price, Jan., 1870.	Dividends Each Year.											Market Price, Jan., 1880.
		1870	1871	1872	1873	1874	1875	1876	1877	1878	1879	Total.	
HOME.													
neal Dublin	13½	%	%	%	%	%	%	%	%	%	%	%	16½
col United	186½	8½	8½	8½	3	nil.	6½	8½	10	10	10	74½	175
sh	30½	10	10	10	10	10	10	10	10	10	10	100	34
mercant	150	10	10	10	10	10	10	10	10	10½	10½	161½	175
Light and Coke* ..	118	8½	9	10	9½	10	10	10	10	10	10½	97½	170
“Imperial”	160	10	10	10	10	10	10	10	10	10	10½	100½	170
10% D. “Equitable” ..	155	10	10	10	10	10	10	10	10	10	10	100	210
pool United	207	10	10	10	10	8½	10	10	10	10	10	88½	189
ion	154	10	10	10	10	10	10	10	10	10	10	100	170
nix	30½	10	10	10	10	10	10	10	10	10	10	100	36
field	202	10	10	10	10	10	10	10	10½	10	10	100	200
h Metropolitan	152	10	10	10	10	10	10	10	10½	11½	11½	103½	200
FOREIGN.													
pean	16½	10½	10½	10½	10	10	9	10	10	10½	10½	101½	18
erial Continental ...	145	8	9½	9½	9½	8	8½	11½	11½	11½	12	99½	170
rtal	8½	10	9	9	9	9½	9½	9	9	10	9	93	7½
le Janeiro	25½	10	10	11	11	10	10	10	12	10	10	104	27

In 1870 took over Great Central Gas, giving 10 per Cent. C Preference; in 1871 absorbed the Equitable at 10 per Cent. "D"; in 1872 absorbed the Western upon equal terms; and in 1876 the Imperial and the Independent Companies upon equal terms.

HOME WATERWORKS' DIVIDENDS AND MARKET PRICES.

	Market Price, Jan., 1870.	Dividends Each Year.										Market Price, Jan., 1880.	
		1870	1871	1872	1873	1874	1875	1876	1877	1878	1879		Total.
Bristol	40½	%	9	%	%	%	%	%	%	%	%	%	64
Chelsea	114½	6	6	6	6	6	6	6	6	6	6	60	175
East London	121	7	6	6	6	6	6	7	6	7	6½	63½	176
Grand Junction (£50 pd.)	82	4	3½	8	6	7½	7	7	5	6	6	61½	98
Kent	116½	6	6	6	6	6½	6½	7½	8	9	8½	69½	225
Lambeth	114	6	6	6½	6½	6½	6½	6½	6½	6½	6½	61½	177½
New River (New Shares)													
Dividends from '75...	300 in '75]	75]						10	10	10	10	40	350
South Staffordshire	5	2½	3½	3½	2½	2½	5½	6	6	4½	3½	46	9½
Southwark & Vauxhall...	116	6½	6½	6½	5½	5½	5½	4½	4½	2½	4½	51½	150
West Middlesex (£61 pd.)	115	9½	9½	9½	9½	9½	9½	9½	9½	9½	9½	98½	160

The foregoing dividends and prices yield the following percentages:—

RETURN UPON GAS SECURITIES.

	Yield in Dividend per Cent. per Annum.	Yield in Value of Principal per Cent. per Annum.	Together per Cent. per Annum.	Present Amount of Stock.	Present Market Value of the Principal.
HOME.					
Alliance Dublin.....	5.4	2.1	7.5	£ 590,000	£ 973,000
Bristol United	5.3	— .6	4.7	341,000	600,000
British	6.7	1.1	7.8	280,000	476,000
Commercial.....	6.8	1.7	8.5	550,000	962,000
Gas Light and Coke.....	8.2	4.4	12.6	2,640,000	4,488,000
Do. Imperial	6.3	.6	6.9	1,560,000	2,652,000
Do. 10 % D. Equitable.....	6.4	3.5	9.9	300,000	630,000
Liverpool United	4.8	— .9	3.9	561,000	1,060,000
London	6.5	1.0	7.5	387,000	658,000
Phoenix.....	6.6	1.8	8.4	540,000	972,000
Sheffield	5.0	— .1	4.9	135,000	270,900
South Metropolitan	6.8	3.2	10.0	500,000	1,000,000
	6.7	2.2	8.9	8,384,000	14,741,000
FOREIGN.					
European.....	6.1	.9	7.0	468,000	842,000
Imperial Continental	6.8	1.7	8.5	2,800,000	4,760,000
Oriental	5.7	— 1.2	4.5	150,000	217,000
Rio de Janeiro	8.1	.6	8.7	750,000	1,012,000
	6.9	1.2	8.1	4,168,000	6,831,000
Total Gas.....	6.8	1.9	8.7	12,552,000	21,572,000

RETURN UPON HOME WATERWORKS SECURITIES.

	Yield in Dividend per Cent. per Annum.	Yield in Value of Principal per Cent. per Annum.	Together per Cent. per Annum.	Present Amount of Stock.	Present Market Value of the Principal.
				£	£
Bristol	6·0	5·8	11·8	200,000	512,000
Chelsea	5·3	5·4	10·7	615,000	1,076,000
East London	5·2	4·5	9·7	1,625,000	2,880,000
Grand Junction	3·7	2·0	5·7	540,000	1,075,000
Kent	6·0	9·3	15·3	586,000	1,341,000
Lambeth	5·4	5·6	11·0	1,062,000	1,248,000
New River (new shrs. fr. 75)	3·3	4·2	7·5	500,000	1,750,000
South Staffordshire	9·2	8·5	18·7	225,000	219,000
Southwark and Vauxhall ...	4·4	3·7	8·1	737,000	1,172,000
West Middlesex	5·2	3·9	9·1	998,000	2,620,000
Total Water	5·1	5·0	10·1	7,098,000	13,855,000

XIV.

TELEGRAPH CABLE AND MANUFACTURING
COMPANIES.

SCARCELY any of our Submarine Telegraph Securities exist in the form which they had assumed ten years ago, and some are new creations. They have, as a rule, paid, and, I think, earned, moderate dividends; for undertakings which are a necessity, and of too considerable a magnitude to fear private competition, are generally found to be profitable. But the mania of 1870-1-2 has scarcely been justified by the results obtained. Repairs are of necessity numerous and costly; a Company should always have two cable connections between corresponding stations, so as to obviate delays caused by breakages; and certainly it is requisite to place large sums to reserve to cover renewals, for the life of a cable can scarcely be placed at so long a period as twenty years. But, thus far, cable manufacturing is found to be more profitable than cable owning, as may be gathered from the earnings of the Telegraph Construction and India Rubber Companies during the decade.

TELEGRAPH COMPANIES' DIVIDENDS AND MARKET PRICES.

	Market Price, Jan., 1870.	Dividends Paid in Each Year.											Market Price, Jan., 1880.
		1870	1871	1872	1873	1874	1875	1876	1877	1878	1879	Total	
CABLE COMPANIES.													
Anglo-American.....	65	%	%	%	%	%	%	%	%	%	%	%	56½
Do. French Cable	50	6½	6½	6½	6½	5	5	4½	4	4½	3½	51½	56½
Brazilian Submarine	10	...	...	...	...	2½	3	5	5	5	5	25½	7½
Eastern—Shares allotted to—													
Anglo-Mediterranean (200 %)	9	6½	6	6	6½	6	5	5	5	5	5	55½	8½
Falmouth and Malta (120 %)	8½	6	5									54½	8½
Marseilles, Algiers, &c., (par)	10	...	...									43½	8½
British Indian Submarine (120 %)	8	4½	4½	7½	6½	6½	5½	5	5	5	5	52	8½
Eastern Extension—Shares allotted to—													
British Indian Extension (150 %)	8½	...	4									7½	50½
China Submarine (110 %)	9½	...	5½	7½	6	6½	6½	5½	5	5	5	52½	8½
British Australian (110 %)	9½	...	4½	5½	5½	7	5½	6½	6½	6½	6½	49½	8½
Great Northern	10	...	8½	5	5½	16	16	17	17½	17	17½	57½	9
Submarine	245	10½	15	15	16	16	16	17	17½	17	17½	157½	230
Western and Brazilian...	15	...	...	...	nil.	5	2½	nil.	nil.	nil.	nil.	7½	5½
West India and Panama	10½	nil.	nil.	nil.	nil.	nil.	nil.	nil.	½	1	nil.	1½	1½
MANUFACTURING COMPANIES.													
India Rubber, Gutta Percha, & Telegraph	6	5	12½	7½	2½	nil.	nil.	nil.	nil.	2½	10	40	13
Telegraph Construction and Maintenance ...	28½	10	12½	25	15	25	61½	15	20	20	20	224½	35

Neither the dividends nor the market prices of the companies prior to amalgamation are what were actually current or declared at the dates named, but have been adjusted so as to show the return upon that amount—say of Anglo-Mediterranean Telegraph shares, which would be represented by the existing Eastern Telegraph shares according to the terms of amalgamation. Thus, the £9 given as the market value of Anglo-Mediterranean shares, really represented the value of only £5 Anglo-Mediterranean capital, and the dividends paid in 1870 and 1871 are but one-half the rates

actually declared. In 1872, this £5 of Anglo-Mediterranean became £10 Eastern capital, while as the Falmouth and British India received 120 per cent. in Eastern shares, the prices and dividends of 1870-71 represented the actual return upon about £8 5s. of those companies' capitals. This manipulation was necessary for the purposes of the following contrast :—

RETURN UPON TELEGRAPH SECURITIES.

	Yield in Dividend per Cent. per Annum.	Yield in Value of Principal per Cent. per Annum.	Together per Cent. per Annum.	Present Amount of Stock.	Present Market Value of the Principal.
				£	£
Anglo-American	82	- 13	69	2,550,000	1,447,000
Do. French Cable	108	13	116	3,450,000	1,898,000
Brazilian Submarine	42	- 3.8	04	1,300,000	970,000
Eastern :—					
Anglo-Mediterranean	62	- 0.6	56	860,000	731,000
Falmouth	64	nil.	64	910,000	773,000
Marseilles	54	- 1.9	35	200,000	170,000
British Indian Submarine	65	6	71	1,425,000	1,211,000
Eastern Extension :—					
British Indian Extension	68	0.1	69	700,000	598,000
China Submarine	61	- 1.3	48	600,000	502,000
British Australian	60	- 1.5	45	600,000	502,000
Great Northern	64	- 1.0	54	1,500,000	1,350,000
Submarine	63	- 0.6	57	338,000	777,000
Western and Brazilian	14	- 8.0	- 66	1,388,000	394,000
West India and Panama ...	0.14	- 8.3	- 8.15	883,000	154,000
	65	- 1.6	49	16,714,000	11,455,000
India Rubber	66	11.7	183	312,000	405,000
Telegraph Construction	94	2.1	115	448,000	1,307,000
	82	6.0	142	760,000	1,712,000
Altogether	66	- 1.3	53	17,474,000	13,167,000

XV.

STEAMSHIPS AND DOCK COMPANIES.

Few investments are subjected to greater variations from prosperity to reverse, and back again to prosperity, than steamship undertakings. The list of dividends appended is most diversified; and though as a rule they paid best when trade was briskest, this was not an invariable rule. Their working expenses must always absorb the major portion of their gross receipts; and they feel severely a rise in the price of coal or in ship-building materials. Most companies are their own insurers, and are in the habit of paying dividends out of the insurance fund when they have avoided heavy losses. Then the state of the countries between which they trade must be taken into consideration, and, as we have latterly seen in the case of the Pacific Company, it has been absolutely necessary to develop a new route for the employment of a large portion of its most powerful tonnage. As a whole, it will be seen that 1878 and 1879 proved more remunerative to steam marine undertakings than did 1875, 1876, or 1877. The reason for this was mainly to be found in the cheapness of working, which

more than counterbalanced low freights and the slackness of trade :—

STEAMSHIP DIVIDENDS AND MARKET PRICES.

	Market Price, Jan., 1870.	Dividends in Each Year.											Market Price, Jan., 1880.
		1870	1871	1872	1873	1874	1875	1876	1877	1878	1879	Total.	
British Shipowners	5½	7½	7½	7½	10	12½	10	7½	5	5	5	77½	7
General Steam	30½	10½	10½	12½	10	10	10	10	11	10	10	105½	28
National	14½	20	10	10	10	10	3	5	2½	2½	4	77	9½
Pacific	54½*	9	8	8	8	nil.	nil.	nil.	4	4	5	46	46
Peninsular and Oriental ..	47	7	7	7	8	7	1½	3½	4½	5½	5½	56½	54
Royal Mail	47	9½	14½	16½	11½	7½	3½	3½	5	7½	9½	67	67
Union	21	15	10	10	10	nil.	5	8	10	10	10	88	26½

* After deducting £10 per share returned to shareholders

It is very possible that after the recent years of depression, a period of greater development may be in store for these companies; but they are certainly risky investments, and it should not be forgotten that whenever a route is specially profitable, competition is sure to be developed. This serves to keep down anything like a striking degree of prosperity.

RETURN UPON STEAMSHIP SHARES.

	Yield in Dividend per Cent. per Annum.	Yield in Value of Principal per Cent. per Annum.	Together per Cent. per Annum.	Present Amount of Stock.	Present Market Value of the Principal.
British Shipowners	10.1	2.2	12.3	£ 375,000	£ 350,000
General	5.2	— 0.8	4.4	380,000	709,000
National	5.3	— 3.7	1.6	750,000	684,000
Pacific	3.4	— 1.5	1.9	2,363,000	2,718,000
Peninsular and Oriental ..	6.0	1.5	7.5	2,500,000	2,700,000
Royal Mail	12.6	4.2	16.2	900,000	1,005,000
Union	8.3	2.6	10.9	350,000	542,000
	61	0.3	64	7,618,000	8,718,000

Docks, it might well be imagined, depending as they do entirely upon shipping for their profits, would fluctuate in value much in the same proportions as Steamship shares.

But such a conclusion would not only be hasty but quite erroneous. The dividends on Dock stocks are far steadier and more assured, and, though seldom high, are generally improving. Oftentimes their storehouses and wharves are as full, or fuller, in stagnant times than in brisk, for idle shipping and unsold goods must lie somewhere; and hence we cannot find any of those marked signs of depression in 1876-79 which might otherwise have been anticipated.

DOCK COMPANIES' DIVIDENDS AND MARKET PRICES.

	Market Value, Jan., 1870.	Dividends Paid in Undermentioned Years.										Market Value, Jan., 1880.	
		1870	1871	1872	1873	1874	1875	1876	1877	1878	1879		Total.
		%	%	%	%	%	%	%	%	%	%		
East and West India.....	125	6	6	6	5½	6	6	6	6	6	5½	59	118
Hull	96	5	4½	4½	5½	5	5	5	5	5	5	49½	93½
London and St Katharine	51	2½	3	2½	3½	4	3½	3½	3½	3	3	32½	76
Millwall	30	nil.	nil.	nil.	2½	3½	4	4	3	3½	4½	24½	99
Southampton	73½	4	4½	4½	5	4½	3	4	3½	4	4	41	86
Surrey Commercial	109	6	5	5	5	5	5½	6½	6	7	7	58	147

RETURN UPON DOCK STOCKS.

	Yield in Dividend per Cent. per Annum.	Yield in Value of Principal per Cent. per Annum.	Together per Cent. per Annum.	Present Amount of Stock.	Present Market Value of the Principal.
East and West India	4.7	— 0.6	4.1	£ 2,385,000	£ 2,734,000
Hull	5.2	0.3	4.9	1,621,000	1,516,000
London and St Katharine	6.4	5.0	11.4	5,756,000	4,374,000
Millwall	8.2	23.0	31.2	510,000	505,000
Southampton	5.6	1.7	7.3	361,000	310,000
Surrey Commercial	5.3	3.5	8.8	965,000	1,418,000
	6.0	4.7	10.7	11,598,000	10,857,000

XVI.

LAND COMPANIES — LAND MORTGAGE
COMPANIES.

A LAND Company, and more especially a colonial or foreign Land Company, is usually an undertaking of slow growth. Extensive land tracts can seldom be developed to advantage without years of attention, and hence it has been general to combine some other trade connected with the land which may yield more immediate returns. The Hudson's Bay Company are extensive traders in furs; the Australian Companies are mostly large growers of wool; and some companies also partake of the nature of a Land Mortgage Company. This is of course the case with the Building and Land Societies in this country, and of the Property Companies in Scotland, the former of which are a benefit to the community and pay their way, while the latter have been too much the rage North of the Tweed latterly to be profitable for years to come.

Allied to the Land, but much more closely allied to the Land Mortgage Companies, were the Finance undertakings which proved such disastrous ventures a decade and a-half ago. That the principle of the Finance Company was

wholly bad cannot be contended. It was the wholly reckless manner in which they were conducted, their excessive and ridiculous commitments, the unjustifiable dividends which they paid during the first years of their existence, which proved their ruin. A Finance Company with a paid-up capital of £1,000,000 would agree to "finance" risky ventures to ten times that amount; and after the panic of 1866 their commitments ruined them. But a Land Mortgage Company of the present day "finances" the small venture instead of the large one, and does not trade beyond the extent of its paid-up capital and debentures; and, when carefully managed upon these principles, they may be, some are, very prosperous. Especially has this been the case in the Colonies, most of all the Australian Colonies, and many Colonial Banks have been tempted to participate in the business. The recognition of this, and the growing prosperity of the Australian Mortgage, Land, and Finance, the New Zealand Trust and Loan, and similar undertakings, has led to the introduction of many other companies of a similar type, some of which may possibly do very well, while others run the risk of being foolishly conducted and of ending in disaster. It cannot be too strongly impressed upon directors of these companies that their business must require constant watchfulness and supervision in the district where the accommodation is afforded; while they must be careful to guard against the possibility of a large number of debentures falling due at any one time. Indeed, it would be well if their debentures could for the greater part be converted into perpetual stock.

From these remarks, it will be gathered that the following figures in no way indicate the early prospects of either new Land or new Land Mortgage Companies.



COMPANIES OF MORE THAN TEN YEARS' STANDING.

	Market Price, Jan., 1870.	Dividends Paid in Each Year.											Market Price, Jan., 1880.
		1870	1871	1872	1873	1874	1875	1876	1877	1878	1879	Total.	
LAND.													
Australian Agricultural.	£ 17½	% 4½	% 5½	% 6½	% 7½	% 16½	% 18½	% 19½	% 18½	% 13½	% 13½	% 123½	£ 84
British American	16	£1	£1	£1	£1½	£2½	£2	£2½	£2	£1	£2	£15½	26
Canada (27½ paid in '70*)	65	£3¼	£4	£5	£5	£5	£3	£3½	£3	£5	£4½	£41½	78
Hudson's Bay	10	3	5	5½	6	6½	4½	4½	nil.	nil.	2½	38	15½
Natal	4	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	nil.	2	2	7
Peel River	33	2	2½	3	4½	5	5	5	4½	4½	3	39	77
Scottish Australian Investment	77½	nil.	4½	8½	10	12½	12½	12½	12½	11½	10	94½	180
MORTGAGE.													
Australian Mortgage, Land, and Finance.....	4½	10	10	10	12½	12½	12½	12½	12½	15	15	122½	10½
Credit Foncier of Mauritius	8	8	8	8	10	10	13½	12½	16½	13½	10½	110½	11
Mauritius Land Credit.....	4	8½	8½	8½	10	10	12½	13½	15	18½	16½	122½	4
New Zealand Loan and Mercantile Agency ...	2½	10	10	12½	12½	12½	15	15	15	15	15	132½	4½
New Zealand Trust and Loan	6½	10	10	10	10	10	10	11	12	13	106	10	
Trust and Agency of Australasia	1½	20	20	20	20	20	20	20	20	20	200	2½	
Trust and Loan of Upper Canada	5½	9	9	8	9	10	10	10	9½	9	8½	92	7½

* Repayments of capital added to dividends instead of being treated as gain in principal (making dividend 67½ for ten years).

In 1870, the Land Mortgage Companies then in existence were considered to be so nearly allied to Finance Companies, that their market values were unduly depreciated. Take for instance, Mauritius Land Credit and Agency Shares. That company had regularly paid high dividends, yet the shares with £2 paid were quoted at only 15s per share (or at four years' purchase), while at the present price of £4, a rise in principal is indicated of no less than 433 per cent., or upwards of 43 per cent. per annum. The extraordinary percentages indicated below must therefore be held to represent those extraordinary circumstances which existed at the beginning of the decade, much more than the growing profitableness of the business transacted.

RETURN ON OLD LAND AND MORTGAGE COMPANIES.

	Yield in Dividend per Cent. per Annum.	Yield in Value of Principal per Cent. per Annum.	Together per Cent. per Annum.	Present Amount of Stock.	Present Market Value, of the Principal.
LAND.					
Australasian Agricultural ...	15.2	38.0	53.2	£ 430,000	£ 1,681,000
British American	9.5	6.2	15.7	907,000	145,000
Canada	10.3	2.0	12.3	9,000	702,000
Hudson's Bay	6.4	5.2	11.6	1,700,000	1,526,000
Natal	0.5	7.5	8.0	365,000	255,000
Peel River	11.8	13.3	25.1	600,000	462,000
Scottish Australian Invest..	12.1	13.2	25.3	300,000	540,000
	8.5	11.0	19.5	3,611,000	5,311,000
MORTGAGE.					
Australian Mortgage Land and Finance	13.6	13.9	27.5	350,000	717,000
Credit Foncier of Mauritius	13.8	3.7	17.5	120,000	132,000
Mauritius Land Credit	32.9	43.3	75.9	60,000	120,000
New Zealand Loan and Mercantile Agency	13.2	8.0	21.2	300,080	540,000
New Zealand Trust and Loan	8.1	5.4	13.5	100,000	200,000
Trust and Agency of Australasia	11.4	4.3	15.7	34,000	85,000
Trust and Loan of Upper Canada	9.0	4.6	13.6	250,000	375,000
	13.3	10.0	23.3	1,214,000	2,169,000

XVII.

TRAMWAYS.

It is impossible to deal with these securities over a full period of ten years, because in 1870 such undertakings were not in existence. Eight years have therefore been chosen as the term over which the table below extends, and very few Tramways have been at work and earning dividends even for so long a period. As has before been pointed out, it is an axiom of finance that companies which are so serviceable to the community can always be made profitable. But Tramways have not proved disastrous to Omnibus Companies, as was urged during the Tramway mania. Such prognostications are almost always found to be baseless. The electric light will not ruin gas property, nor the telegraph make the letter-carrier's duty a sinecure, nor the telephone affect the earnings of the telegraph office. Consequently, we find that the stock of the London General Omnibus Company, which was depreciated in 1872 by the Tramway mania and the underground railways, has during the past eight years risen rapidly, and paid larger dividends than ever before. On the eight years this stock has yielded more than five times as high a rate to the buyer as an investor in Tramway shares has secured.

TRAMWAY AND OMNIBUS DIVIDENDS AND MARKET PRICES.

	Market Price, Jan., 1872.	Dividends Paid in Each Year.									Market Price, Jan., 1880.
		1872	1873	1874	1875	1876	1877	1878	1879	Total.	
Dublin Tramways	10	%	%	%	%	%	%	%	%	%	12
Edinburgh Tramways	12	10	9	5½	6½	8	8½	8	6½	61½	14½
Liverpool United Tram. & Omn.	10	8	3	5½	6	5	7	8½	7½	50½	14½
London Tramways	10	...	...	...	...	6	7	6½	6½	26	10½
London General Omnibus	14½	6	8½	7½	3	nil.	4	5	0	34	11½
North Metropolitan Tram	72½	8	9	8	8	10	12	12½	11½	79½	195
Provincial Tramways	15	10	7½	7	8	8½	8½	9	5½	64	15
	10	...	...	...	4½	4	4½	5	4½	22½	10½

RETURN ON TRAMWAY AND OMNIBUS SECURITIES.

	Yield in Dividend per Cent. per Annum.	Yield in Value of Principal per Cent. per Annum.	Together per Cent. per Annum.	Present Amount of Stock.	Present Market Value of the Principal.
Dublin Tramways	7·7	2·5	10·2	£ 240,000	£ 288,000
Edinburgh Tramways	5·2	2·6	7·8	150,000	217,000
Liverpool United	6·5	1·5	8·0	400,000	430,000
London Tramways	2·9	—2·5	0·4	250,000	294,000
North Metropolitan	5·3	nil.	5·3	600,000	900,000
Provincial	4·5	1·3	5·8	190,000	204,000
Tramways	5·4	0·8	6·2	1,830,000	2,333,000
London General Omnibus	13·6	19·5	34·7	594,000	1,158,000

CONCLUSIONS.

HITHERTO, for the most part, useful and profitable Securities have claimed our attention—Government Loans and Joint Stock Companies of too considerable, public, and definite a character to fear the effects of private competition; for where private enterprise can compete with joint-stock enterprise the former is usually the more successful. A decade in the life of large undertakings has been passed in review, for the most part favourably; but what can be said of the host of smaller ventures which have made their appearance since the passing of the Companies Act of 1862? As a whole, they have done badly. It should be the rule of all investors to have nothing to do with a small company, unless they can watch over and control its operations. Instances can be named where small companies have succeeded, more where large ones have failed. But these are exceptions, and the rule is certainly the other way.

But there are some important descriptions of securities which have not been dealt with in these pages, amongst which are City Loans, Iron and Coal Companies, Mining Companies, and Manufacturing concerns. But, taken as distinct types of securities, these have not been in existence a decade; not even Mining Companies, for probably three-

fourths of the Joint Stock Mining Companies in existence ten years ago have ceased to be, and those created since bid fair to have as brief and as luckless a career. The exceptions are very few, and the losses, not the profits, have been large.* English Tin and Copper Mining Industries are not likely again to assume that pre-eminence which they once held, foreign competition becoming steadily more and more powerful as communications are opened up; and the old proverb that no man can make money out of a Cornish Mine, except he be a Cornish man, is likely to hold more true than ever. There has never been a time when English shareholders have made money out of Gold and Silver Mining Companies, and successive manias in those directions have ever ended in disaster. Can we, therefore, dare to hope that it is left for Indian Gold Mining to belie the past, and repay the present outlay?

What can be said of the Iron and Coal Companies' speculation of 1872-5? Little beyond this, that a host of private firms, seeing their opportunity, effected a sale of their properties to joint-stock companies at inflated prices, and that not one in four has since made anything approaching an adequate return upon the capital embarked. Some few of the old and giant companies which were afloat prior to 1870 profited considerably during the coal and iron famine, and on the ten years have made a moderate return to their proprietary. The following were the four largest

* The names of upwards of 100 Mining Companies brought out in the two years 1870-71, were inserted in the pages of the INVESTOR'S MONTHLY MANUAL at the time; but after a careful scrutiny I cannot find that more than ten of those companies are now in existence, of which but five have paid dividends, while one only—the Richmond Consolidated—has paid high dividends.

companies in existence in the country prior to 1870, and on the decade their return to the investor has been :—

	Dividends per Cent. per Annum.		Principal per Cent. per Annum.		Together per Cent. per Annum.
Bolckow, Vaughan, and Co.....	7.0		— 1.0		6.0
Ebbw Vale Steel, Iron, and Coal	5.3		— 5.0		0.3
Sheepbridge Coal and Iron	7.1		— 4.0		3.1
Stavely Coal and Iron	9.3		+ 4.0		13.3

But these figures are no criterion of the return upon this class of investments as a whole, though very possibly those undertakings which have survived the depression of the past four years may fare better in the future.

But the record of this speculation leads us irresistibly to another conclusion. Whenever there is a rush to convert private firms carrying on any one class of enterprise into joint-stock companies, there is certainly some powerful reasons at work to induce those firms to realise. Hence, such conversions *en masse* should be shunned by the prudent investor. They will certainly occur again, and if it be possible by timely warning to lessen the superabundant supply of dupes, the consequent loss will be less.

Investors cannot be too powerfully urged to avoid securities which are systematically “puffed.” If they read a high-flown tirade upon the merits of such and such an investment, they may be sure that personal interest directed the pen that wrote it.

I hold it a matter of no little importance that an investor should be able to assign definite reasons for the selection of the securities he acquires. If you can form distinct opinions as to the development of certain descriptions of enterprise, certain nations, certain colonies, certain districts, and can watch the development of those circumstances upon which your opinions were founded, it is there that your most

profitable investments should be. If you do not consider yourself sufficiently conversant with finance or commerce to form decided opinions, guaranteed securities are better adapted for you, and it is always desirable to multiply your risks.

Should an "uncalled liability" be avoided by investors? This is a question to which a circumstantial answer can alone be given. The rich man naturally enough shuns unlimited liability more than the poor one; but it is the opinion of many well qualified to speak on the point that in the carefully audited accounts of a limited bank such failures as those of the City of Glasgow and West of England Banks are simply impossible. Any bank may incur a loss, but with an efficient professional as well as lay audit, such losses cannot be perpetuated, and thereby increased. And the real danger lies in hiding such losses from sight. In a well-established undertaking a limited liability is a risk which may well be compensated by an extra $\frac{1}{4}$ or 1 per cent. in dividend. Still, I look upon a comparatively new land mortgage company with a £20 share, £2 paid up, as a risk which something more than an extra 1 per cent. in dividend should be the sufficient compensation.

An investor should never hesitate to buy because the Stock Markets are depressed and prices have fallen. The most rapid fluctuations in prices are those which are the result of speculation; and there are times when the speculator's dilemma is the investor's opportunity. Still, it would be unwise for a would-be buyer to await such an opportunity; and this caution is merely requisite to enable him to gauge the temper of the Stock Exchange at what it is really worth. It is seldom that the daily movements in prices can be traced to intrinsic merits.

I have known money lost by the holder of a security making a resolution to sell it at a given price, simply because he had realised a profit, without first selecting another channel for the employment of his money. It is sound advice to a speculator to take a profit when he sees it, but not to an investor, who should always recollect that securities rise and fall together. Thus, if he sells Great Western Stock because it is high, he will likely enough end by buying London and North-Western at a correspondingly high figure. The careful investor should not be in a hurry to discard a security which has served him well.

Finally, it may be stated that those investors fare uniformly the best who hold small stakes in large securities. Of course it depends upon the amount of your capital to determine what is a small or a large holding; but the rule which applies to the avoidance of small companies should be extended to small States and small loans. Numerous small holdings, however, embody the principle of those "Trusts," which were started with the avowed object of giving small investors the opportunity of spreading their risks over a large field. But after one or two had been placed successfully, they became the rage, and others were brought out, which offered impossible returns to the buyers of their certificates. To effect this end, risks were incurred which, had their subscribers been informed beforehand respecting them, would have effectually disposed of those Trusts altogether. They promised great results, but hid the means whereby those results were to be attained. Should it now be decided that Trusts can be legally constituted (and as Trusts are more sound in principle than Trust companies, they should certainly be legalised), they might with some modifications

5 per cent. interest, even if any one of the ten securities were wholly in default.

In these various conclusions, I am aware that I have, to a considerable extent, reproduced views which have been enunciated before. I do not offer them as original, but true. But the irresistible conclusion which this inquiry has forced upon me, and which I wish to impress upon the investing public, is this :—It is not either the slight risks (that is, the safe investments) nor the extreme risks which have been the most profitable to our investors. *The moderate risks have certainly paid the best during the past ten years ;* and doubtless they will do the same in the decade to come. Take, for example, Government Stocks, because there, side by side, we have visibly set out before us all three sets of risks at once. In 1870, there were a certain number of such stocks which offered the investor less than 5 per cent. return upon his money, and they have paid him what he expected. But those which offered him from 5 to 6 per cent., and in some cases nearly 7 per cent., have yielded, as a class, much more considerably. But again, those loans which tempted investors with still higher baits have almost all of them ended in a loss of both principal and interest. Probably, the “moderate risks” of the present day should not be sought amongst those securities which offer more than 5 or 6 per cent. interest, and the lower limit should certainly be adopted if the sum to be invested is not sufficiently large to enable you to hold a considerable number of them.

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SOME COMMENTS
UPON THE
COURSE OF MARKET PRICES
IN 1880:
ITS PROBABLE INFLUENCES OVER THIS AND
SUCCEEDING YEARS.

THERE has been a great rise in the prices of public securities in 1880; a rise, I think, which affords matter for careful reflection. Dividends have, as a whole, increased—certainly such has been the case with the railway dividends—and had the foregoing Inquiry been carried down to the end, instead of the beginning, of 1880, more surprising results would have been chronicled therein. But the rise in prices has been far more decidedly marked than the rise in dividends. It is in times like these we find the theory revived, that as capital goes on accumulating and increasing so rapidly in proportion to other indications of the World's progress, so it is in the nature of things for capital to become less profitable, that is less dividend-yielding, to its accumulators. Hence, that securities make a smaller return to investors at current market prices than they used to do, and that in years to come they will make a smaller return at prices current then than they do now. At the same time, the counter theory advanced so powerfully after the American and Austro-German crises of 1873-4, and after

the collapse in Foreign Stocks, that existing capital is destroyed almost as fast as new is created, loses its hold upon us, because the immediate present appears so forcibly to disprove it.

It cannot be denied that this Inquiry has tended rather to the support of the former theory, and there are special reasons why this should be so. In the first place, amongst the largest class of securities with which the public have to deal—Foreign Government Stocks—there has been in most cases an undoubted tendency to an expansion in prices, and for this reason. There is in every civilised community a desire to constitute their funds as privileged investments, and, except where there are very excessive creations of debt, in any progressive State the increasing demands year after year for such privileged investments has caused them to rise, the “moderate risks” as a whole growing the most rapidly, while the safer the security the less marked its progress. It has been suggested to me that there may be certain limits which solvent securities have a constant tendency to approach; but that as this tendency becomes visibly less powerful the nearer that limit is attained, there will at length be a point where all such advances will practically cease. But this consideration may well be left to future theorists, these remarks being mainly designed for the benefit of present practical investors. Another reason why the value of securities dealt with in the preceding pages has generally risen is to be found in the fact that market facilities have largely expanded, and prices have grown in sympathy with such greater facilities. A third and very natural reason is that every security after it has been acclimatised to the market, and has proved itself to be fairly profitable, becomes year after year more trusted by investors.

even though its dividends are fixed, and rises in value accordingly. The mortality amongst new securities is enormous, and those who seek really safe investments should not touch them, unless such new securities are secured upon older ones. This Inquiry has dealt with investments which have not died in their infancy, and growth has therefore been most natural amongst them. Happily, there is now such a mass of seasoned securities that they are available for all who choose to embark therein, while to the great speculative element may be trusted the provision in time of additional seasoned securities, the more so because for some few years to come the supply of new investments bids fair to be considerable.

It is, perhaps, a coincidence that in the year now closed those securities which in the previous decade had been proved to have paid the best, have again most increased in market value. The old Fire and Life Offices have again risen marvellously well, their growth being so rapid that efforts at increased competition are sure sooner or later to be made; Home Railway ordinary Stocks have probably advanced 15 per cent. on the average, their preference stocks 4 or 5 per cent.; Foreign Government Stocks quite 7 per cent. over the entire list; Colonial Debentures 4 per cent.; and Consols, being the safest securities, by a smaller, but yet a distinct percentage. Colonial and American Railways have proved great attractions to the public. Banks have again increased in market favour, and miscellaneous companies have generally risen, Water Stocks and Land Companies having been specially in request. But, while the advance has been so great and so general in the past year, it would, I think, have resulted in a too highly coloured picture of "the profitable nature of our invest-

ments" to have included that advance in the preceding tables.

More especially is this the case because there are reasons for supposing that the years which are to follow will indicate no such general improvement. I do not, by any means, wish to affirm a belief that the markets have yet risen to the full height of the inflationary period; and existing securities may possibly enough show fairly sustained improvement for a year or more to come. What I desire to point out is this, that there are signs that the inflation will mainly flow into different channels—that a time is now approaching, and it reaches us periodically, when new securities will compete far more keenly for public favour than has been the case with us since 1873. And they will in due time divert the flow of public favour which has in 1879 and 1880 so powerfully set in towards older investments.

The history of past financial epochs is peculiarly instructive now. After every period of panic and consequent discredit of marketable investments, there comes a time when faith in securities which have stoutly withstood the storm gradually returns. Such was the position of affairs in 1862; such again was the situation in 1869, in the first half of 1870, and just after the Franco-Prussian war in 1871. It is during this period that, while new investments are still distrusted, the old grow with increasing rapidity in market favour until there comes a time when the temptations of the hour are too strong to be longer resisted. All existing securities, safe or unsafe, then appear to be rising rapidly; some few novel ventures are placed successfully, and the result is that in a short time the owners, and often the borrowers of money, are led to embark in a host of untried investments. But the finance, banking,

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EXTRACTS FROM REVIEWS AND NOTICES

OF

A SHORT INQUIRY INTO THE

PROFITABLE NATURE OF

OUR INVESTMENTS.

EXTRACTS FROM REVIEWS AND NOTICES.

From the Times.

"Mr. R. L. Nash has gathered together a great amount of suggestive information. His plan is to go through the leading classes of securities into which the British public has put its money and to ask in each case, How has this class of investment paid? The results presented in answer to this question are very remarkable and afford a striking testimony to the reality of the progress made by the world even during the last ten years, when stagnation has been so often and so loudly complained of. * * * Mr. Nash, for example, points out that although a person who had embarked his all in Turkish, Peruvian, or Honduras bonds would have undoubtedly come out a loser, yet one who had divided ten years ago his capital equally between Turkish, Italian, and Portuguese stocks would to-day have made money by his investments. He sets forth this lesson in detail. * * * In this way Mr. Nash goes through the leading investments of the world, and comes to conclusions generally favourable. Where the British public has lost most money appears to be in smaller joint stock ventures, mining and manufacturing concerns, and in some Continental and American Railways. 'Probably three-fourths of the joint stock mining companies in existence ten years ago have,' Mr. Nash says, 'ceased to be;' and he significantly adds, 'there has never been a time when English shareholders have made money out of gold and silver mining companies, and successive manias in those directions have ever ended in disaster.' Altogether, this unpretending little work will be found full of suggestive matter."

From the Daily Telegraph.

"Mr. R. L. Nash has published a work of a very interesting nature to the numerous class which invests in public securities. His aim is to show by a record of all the more important stocks and shares, their dividends and market values, what descriptions have yielded most to an investor in a given time, and the period embraced in the investigation is the ten years since 1870. The securities tabulated by him are 555 in number representing a nominal paid up capital of £4,160,000,000, and an actual market value of £3,750,000,000; including British and Foreign Government Stocks, railways in all parts of the world, and the entire class of miscellaneous investments. A comprehensive table gives the general results of the Inquiry, and from these it appears that the total profits to an investor have ranged from 3·8 per cent. on English Government Three per Cents. up to 16·8 per cent. on 'old insurance companies.' * * * A great deal of useful information is given in the volume, accompanied by suggestive hints for the guidance of investors."

From the Standard.

"An interesting and useful brochure. * * * The author has expended a large proportion of labour upon the analysis of statistics affecting British, Colonial, and Foreign Government Bonds, and Home, Colonial, and Foreign Railways. The deductions drawn as to the profitable character of these investments cannot fail to interest, if not, in some instances, to surprise the reader."

From the Daily News.

"Those who have been content to select their investments from the large and varied list of securities openly dealt in upon the Stock Exchange have, on the whole, profited greatly. Figures have been compiled (see

Mr. Nash's 'Inquiry into the Profitable Nature of our Investments') showing the great benefit accruing to holders of various kinds of public stocks and shares since 1870, first in the matter of annual dividends, and secondly in the difference between selling prices now and buying prices in that year. * * * In some cases there has been heavy loss, but taking one with another the market value of public securities has so greatly improved as to produce the average result arrived at. * * * That bulk is so immense that the virtual accuracy of the average cannot be seriously questioned."

From the Morning Post.

"A most useful little treatise * * * Mr. Nash has, by elaborate calculations of the returns during the last 10 years, arrived at the conclusions which will astonish many persons, and the author admits that the result has surprised himself."

From the Economist.

"Mr. Nash has published in this volume a series of investigations into the results which have accrued to the British public from the class of investments it commonly holds. * * * The general table of results in the commencement of the volume may well be pondered over, and many useful hints will be found amongst its pages. * * * We have no doubt that the reader of this book will find the advice to venture on no investments which show more than a 'moderate risk' a very sound one."

From The Bankers' Magazine.

"An inquiry of this nature is quite apropos of the situation. Its value is assured by coming from the hands of one who is well qualified to conduct such an inquiry. The useful information contained in this manual is tempered moreover with sound advice, which enables us to recommend the book to the notice of our readers."

From the Financier.

"It gives in a concise and therefore particularly valuable form, the results of an industrious examination of the course of more than five hundred of our most important public securities."

From the Scotsman.

"The object of this 'Short Inquiry' is to supply an answer to the question, Which are our most profitable investments? and the reply which Mr. Nash gives is no mere expression of individual opinion. It is based upon an elaborate investigation into the returns yielded during the past ten years by the various classes of investments; and some idea of the comprehensiveness and painstaking character of the inquiry may be gathered from Mr. Nash's statement that the securities he has tabulated for this purpose are 555 in number, representing a nominal paid-up capital of £4,160,000,000. The conclusions to which this detailed examination leads are, Mr. Nash confesses, a surprise to him even, although he has been daily watching and writing upon the fluctuations in securities for nearly twenty years, and they are certain to be much more surprising to the ordinary investor. A close examination, such as that here instituted, shows the fallacy of some current notions, and altogether the work is one from which investors will obtain much valuable information, and many suggestive hints as to what securities ought to be purchased, and when the best time is for buying them. Especially valuable as a warning to thoughtless or over-greedy investors is the proof afforded of the fact that those ventures which have tempted investors with high baits 'have almost all of them ended in a loss of both principal and interest.'"

From the Belfast Mercury.

Some of the chapters have already appeared in the *Financial*, and secured a good deal of attention from the public. * * * The object of the volume is to show Mr. Nash has given a full chapter in which he attempts to give a general view of the world's profits in the last decade, and, of course, the world's loss of wealth, which he has not seen equalled in any other decade previous to the last one. The volume is up to the minute, and contains many valuable suggestions of those who may be in search of a safe and profitable channel in which to invest their capital."

From the Edinburgh Daily Express.

"He has arranged in parallel columns the price at the commencement of the decade, the dividend for each year, the price at the close of the decade, the total yield per cent. during the decennial period. Many valuable suggestions are given for the guidance of future investors. Both as matters of interest in those Exchange investments, this excellent handbook will find a ready market."

From the Belfast Northern Whig.

"Mr. E. L. Nash has published a valuable little treatise * * * and calculating these investments, shows which of them has yielded the greatest profit during the last ten years. * * * Mr. Nash strongly influences the conversion of the "unlimited" into "limited" banks, and also that the late Lord's proposed extension of the Bank of Ireland, Belfast Banking Company, Northern Bank of Ireland, and Provincial Bank of Ireland, is a state of affairs worthy of keeping with the spirit of the age."

From the Belfast Mercury.

"— may be recommended to investors as offering in a compact form a record of the positions of the most important public securities * * * These results are to some extent due, of course, to the rise in the value of the stocks themselves, and Mr. Nash warns investors that the profits of the coming decade may scarcely be so bountiful."

From the Manchester Guardian.

"It contains a pithy review of the leading classes of home, colonial, and foreign investments, a separate chapter being devoted to each description. Mr. Nash has been at some trouble to work out the average yield of each class, and makes some well-considered remarks concerning the prospects of each class of investments. On the whole, he does not appear to anticipate that the next ten years will show so high a general range of profits as the past decade has done, for obvious reasons. Those economists also who believe that it is in the nature of things that loanable capital must to some intrinsically less valuable will agree with this. Altogether, a very useful little volume, in which is embodied much sound advice. The classified tables alone will be found very convenient for reference."

From the St. James's Gazette.

"The little volume is a monument of painstaking industry, and will not only repay the reader for the time he may give to its perusal, but, we venture to think, will also surprise him. Some of the results brought out are so little in accordance with prevalent opinion that we quote them * * * These are a few samples, yet we venture to think they are instructive * * * It is quite clear that the discredit of foreign stocks was absurdly exaggerated."

&c., &c., &c.



